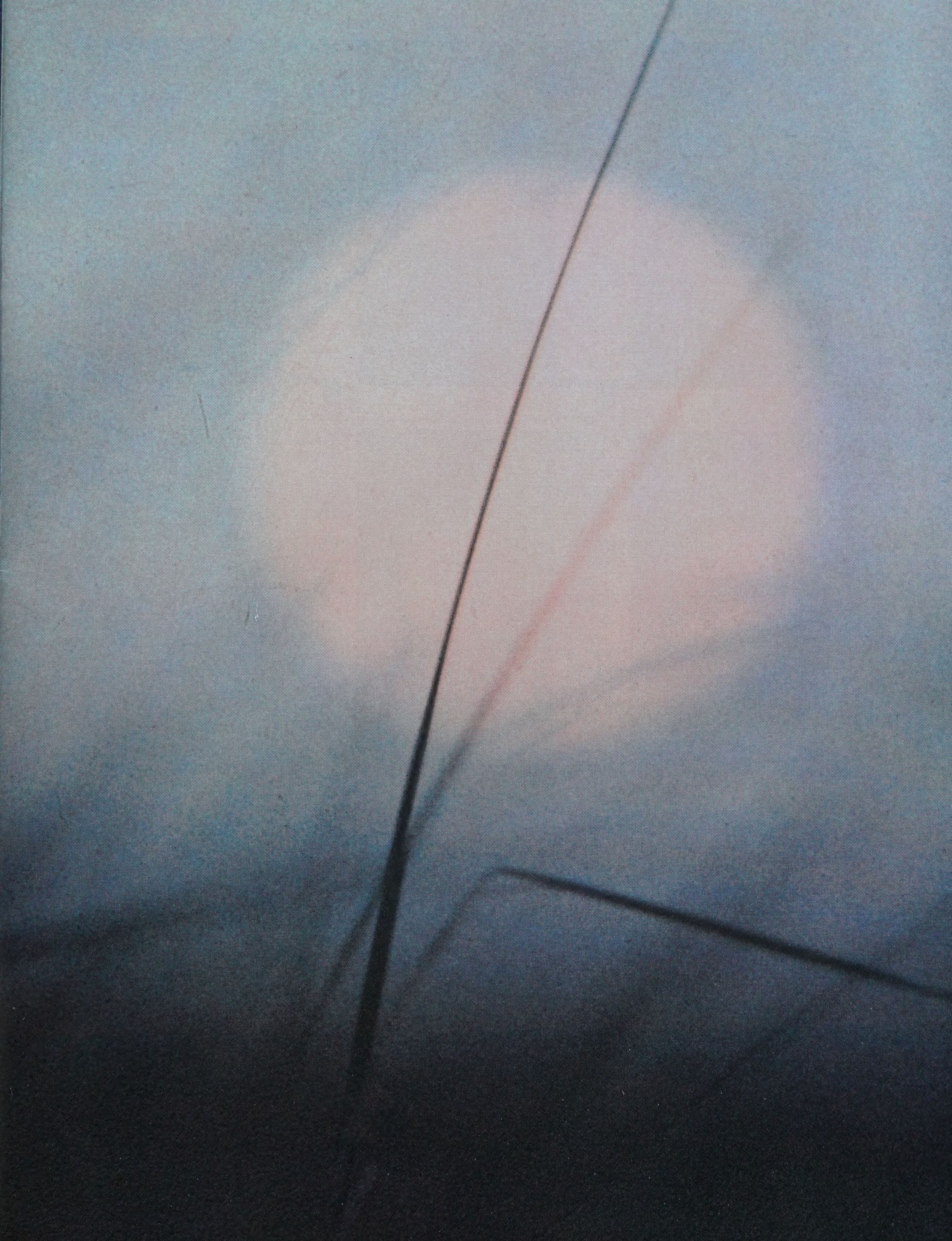
ANNUAL REPORT 1976 FALCONBRIDGE NICKEL MINES LIMITED

SUMMARY	1976	1975
Financial:		
Earnings	$ 14,703,000	$ 3,221,000
—per share	$2.96	$0.65
Dividends per share	$1.00	$1.00
Working capital	$ 152,083,000	$ 164,102,000
Metal sales prices (per pound — U.S. currency):		
Electrolytic nickel (at December 31)	$2.41	$2.20
Ferronickel (at December 31)	$2.36	$2.18
Copper (per London Metal Exchange)		
— January 1	53¢	55¢
— High (1976 — July; 1975 — April)	77¢	64¢
— December 31	61¢	53¢
Metal deliveries (pounds):		
Nickel in all forms	143,396,000	115,447,000
Copper	139,287,000	140,132,000



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ANNUAL MEETING OF SHAREHOLDERS
TUESDAY, APRIL 12, 1977
10:00 A.M. (TORONTO TIME)
COMMERCE HALL
CONCOURSE LEVEL, COMMERCE COURT
TORONTO, ONTARIO

Nickel from Falconbridge is sold around the world . . . as illustrated by the advertisement on the facing page which was published in nine languages.

For tomorrow

Development of tomorrow's mineral, metallurgical and energy resources calls for new techniques combined with proven skills. Imaginative planning. A strong sense of awareness of world industry's responsibilities. To people, communities, governments, and to future generations.

That's the business Falconbridge is in.

Falconbridge...a name born of nickel in 1928. Today, parallel with its traditional rôle as a major nickel supplier to world markets, there is a Falconbridge group of companies.

More than twenty important basic products including copper, cobalt, platinum, gold, oil and natural gas are produced by the Falconbridge group.

And Falconbridge constantly is seeking new opportunities, around the world.

Falconbridge has aware, seasoned management. Research, metallurgical, mining, marketing and financing expertise.

And it will commit them to any venture in which it participates.

Anywhere.

Today. For tomorrow.

FALCONBRIDGE

Toronto Telephone 416/863-7300 Telex 02-2720

Des lendemains qui chantent.

Le développement des ressources minéralogiques, métallurgiques et énergétiques de demain nécessite des techniques nouvelles et des compétences réelles. Il nécessite également de l'imagination et un sens des responsabilités très développé envers l'humanité, les communautés, les gouvernements et les générations futures.

Voilà la tâche que Falconbridge s'est assignée.

Falconbridge ... un nom qui évoque le nickel depuis 1928. Aujourd'hui, Falconbridge occupe non seulement une position capitale dans le marché mondial du nickel mais il a créé aussi un important groupe de sociétés.

Plus de 20 produits de base comprenant le cuivre, le cobalt, le platine, l'or, le pétrole et le gaz naturel sont fournis par le groupe Falconbridge constamment à l'affût de nouvelles recherches à travers le monde.

Falconbridge possède une direction affirmée et une très grande expérience dans le domaine de la recherche métallurgique, minéralogique, marketing et financière qu'il n'hésite pas à engager dans chaque projet auquel il participe.

Partout.

Aujourd'hui.

Et dans le futur.

FALCONBRIDGE

Bruxelles Telephone 673 99 50 Telex 23280

För morgondagen

Utvecklingen av morgondagens minerala och metallurgiska källor såväl som energikällor fordrar nya tekniker kombinerade med dokumenterad skicklighet. Kreativ planering. En stark känsla för industrins ansvar. Mot människor, samhällen, regeringar och mot kommande generationer.

Det är objekt Falconbridge sysslar med.

Falconbridge...ett namn skapat av nickel 1928. I dag uppbär Falconbridge inte bara sin roll som en av marknadens ledande nickelleverantörer på världsmarknaden. Det finns även en Falconbridge grupp av företag.

Falconbridge gruppen producerar mer än tjugo viktiga råvaror, bland dem koppar, kobolt, platina, guld, olja och naturgas.

Och Falconbridge har ständigt ögonen öppna för nya möjligheter – över hela världen.

Falconbridge har en medveten, erfaren ledning. Vidare expertis inom forskning, metallurgi, gruvdrift, marknadsföring och finansiering.

Den expertisen satsar vi i alla projekt vi har i gång.

Överallt.

Idag. För i morgon.

FALCONBRIDGE

Bryssel Telefon 673 99 50 Telex 23280

与你共创美好明天

开采矿产、金属、和发展能源，需要资源服务方面的紧密配合. 先进的科技固不可少，经验人才更不可或缺. 佛肯毕治不但具备上述条件，而且深明工业对人类社会和下一代的重要性，因此全心全意致力於工业原料的开采和提炼.

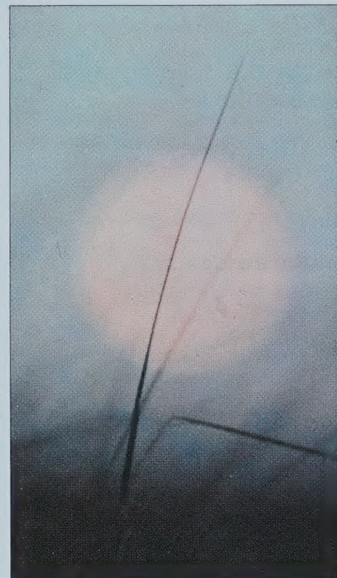
佛肯毕治早於一九二八年成立，当时以生产镍为主，至今更发展成为一庞大集团，生产包括铜、钴、铂、黄金、石油、天然煤气等二十多种工业建设所必需的基本原料，供应世界各国之用.

佛肯毕治拥有眼光独到、经验丰富的管理人员，並网罗有大批在研究工作、冶金、采矿、市场及财务方面的专家，随时准备与世界各国真诚合作.

今日的耕耘，保障明日的收获. 让佛肯毕治与你一同携手创造美好明天.

FALCONBRIDGE

Toronto Telephone 416/863-7300 Telex 02-2720



Bereit für morgen.

Die Entwicklung der Mineralvorkommen, Energiequellen und Hüttenkapazitäten für morgen erfordert neue Techniken, gepaart mit bewährter Erfahrung. Sie erfordert schöpferisches Planen und ein ausgeprägtes Verantwortungsbewußtsein der Industrien in aller Welt. Gegenüber dem einzelnen wie der Allgemeinheit. Und gegenüber künftigen Generationen.

Dies ist die Aufgabe, der sich Falconbridge stellt.

Falconbridge – ein Name, der für Nickel steht. Seit 1928. Heute ist Falconbridge eine große Unternehmensgruppe. Und heute wie früher ein bedeutender Nickel-Lieferant für die Weltmärkte.

Über 20 wichtige Basisprodukte werden von der Falconbridge-Gruppe hergestellt. Zum Beispiel Kupfer und Kobalt. Platin und Gold. Öl und Erdgas.

Und Falconbridge sucht ständig nach neuem Engagement. Überall in der Welt.

Falconbridge hat ein aufgeschlossenes Management. Und gereifte Erfahrung. In Forschung, Bergbau und Hüttenkunde. In Marketing und Finanzwesen.

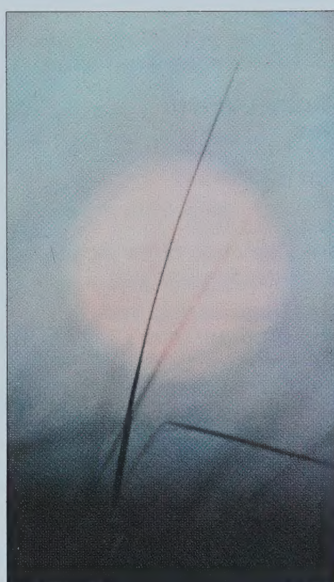
Erfahrungen, die jedem Projekt zugute kommen, bei dem sich Falconbridge engagiert.

Überall.

Heute. Für morgen.

FALCONBRIDGE

Brüssel Telefon 673 99 50 Telex 23280



Per domani.

Lo sviluppo della ricerca nel settore minerario, metallurgico ed energetico di domani richiede sia tecniche nuove che esperienza collaudata. Programmazione unita a creatività. Una profonda coscienza sulle responsabilità dell'industria mondiale.

Verso la gente, le comunità, i governi e le generazioni future.

Proprio di questo si occupa la Falconbridge. Falconbridge . . . un nome nato con il nickel nel 1928. Oggi, in parallelo con il suo ruolo tradizionale di fornitore primario di nickel per i mercati mondiali, esiste tutto un gruppo di aziende Falconbridge.

Il gruppo Falconbridge produce oltre venti importanti materie prime di base, tra le quali sono il rame, il cobalto, il platino, l'oro, il petrolio e i gas naturali.

E la Falconbridge è alla costante ricerca di nuove iniziative, in ogni parte del mondo.

La Falconbridge è diretta da persone responsabili e con un lungo bagaglio di esperienza professionale nel campo delle ricerche, della metallurgia, della esplorazione, del marketing e della finanza.

E che sapranno impegnarsi in ogni impresa alla quale parteciperanno.

Ovunque.

Oggi. Per domani.

FALCONBRIDGE

Brussels Telefono 673 99 50 Telex 23280

For morgendagen

Utnyttelse av morgendagens rikdommer når det gjelder mineraler, metallurgi og energi krever teknisk nytenkning parret med erfaring og innsikt. Fantasifull og våken planlegging. En klar forståelse av det ansvar verdens industribedrifter har. Overfor enkeltmennesket, samfunnet, styresmaktene og kommende generasjoner. Dette er det feltet Falconbridge arbeider på.

Falconbridge ... båret frem av nikkel i 1928. Samtidig som Falconbridge idag har en posisjon som en av de fremste leverandører av nikkel til verdensmarkedet, finnes det også en gruppe Falconbridge-selskaper.

Over tyve viktige basisprodukter, blant dem kobber, kobolt, platina, gull, olje og naturgass blir produsert av Falconbridge-gruppen.

Og Falconbridge søker stadig nye muligheter over hele verden.

Falconbridge har en våken og erfaren ledelse. Ekspertise i forskning, metallurgi, grubedrift, markedsføring og økonomi.

Og vil sette disse krefter inn i ethvert prosjekt selskapet deltar i.

Hvor som helst.

Idag.

For morgendagen.

FALCONBRIDGE

Kristiansand S.

Para el mañana

El desarrollo del mineral del mañana y de los recursos metalúrgicos y energéticos requiere nuevas técnicas combinadas con sistemas ya probados. Planificación imaginativa. Un fuerte sentido de conciencia de las responsabilidades de la industria mundial, frente a los pueblos, los gobiernos y las futuras generaciones.

Esta es la actividad en la que se encuentra Falconbridge.

Falconbridge ... un nombre nacido del níquel en 1928. Hoy, en forma paralela a su papel tradicional como un importante suministrador de níquel a los mercados mundiales, existe un grupo de empresas Falconbridge.

Este grupo produce más de veinte productos básicos entre los que se incluyen el cobre, el cobalto, el platino, el oro, el petróleo y el gas natural.

Además Falconbridge busca constantemente nuevas oportunidades a escala mundial.

Falconbridge tiene una gerencia imaginativa y experimentada. Experiencia en investigación, metalurgia, minería, finanzas y marketing.

Y todo ello será puesto a la disposición de cualquier proyecto en el que participe.

En cualquier lugar.

Hoy. Para el mañana.

FALCONBRIDGE

Bruselas Tel. 673 99 50 Telex 23280

来るべき明日のために。

明日の鉱物資源やエネルギー資源の開発には、最も高度で新しい技術と、想像力を駆使したプランニングが必要です。また、世界のあらゆる人々、社会、政府、さらに後につづく世代、などに対する責任への産業界の強い自覚も要求されます。

ファルコンブリッジが取り組んでいるのも、まさにそんな事業です。

1928年、ニッケルを生産することから始まったファルコンブリッジは、今では三菱商事を通じて日本へのニッケル供給をはじめ、世界の市場へニッケルを供給する主要ニッケル・サプライヤーとしての役割を果しています。さらに、ファルコンブリッジ・グループとして、銅、コバルト、プラチナ、金、石油、天然ガスなど、20種類を越える重要基礎生産材も送り出しております。そして、なおも世界中で"新しい機会"を求めています。

ファルコンブリッジは、広い知識、豊かな経験をもったマネージメントと、調査・精錬・採鉱・マーケッティング・金融の専門技術や知識を誇っています。そして参加するすべての事業に、これらの技術・知識を活用したいと考えています。それがどこであっても。たとえ今日からでも。

——来るべき明日のために。

FALCONBRIDGE

TORONTO CANADA

Offices

Corporate Offices — P.O. Box 40, Commerce Court West, Toronto, Ontario, Canada M5L 1B4
Telephone (416) 863-7000.
Telex 02-2720. Cables "Falconbrij"

Sudbury Operations, Main Office — Falconbridge, Ontario P0M 1S0

Vancouver Office — 1112 West Pender Street, Vancouver, B.C. V6E 2S1

Among Wholly-Owned Subsidiaries

Falconbridge Nikkelverk Aktieselskap
Kristiansand S., Norway
R. Jahnsen — Chairman of the Board
E. Wigstol — Managing Director

Falconbridge Engineering and Development Incorporated
E. L. Healy — President and Chief Executive Officer.
P.O. Box 40, Commerce Court West, Toronto, Ontario, Canada M5L 1B4
Telephone (416) 863-7000

Wesfrob Mines Limited
1112 West Pender Street, Vancouver, B.C. V6E 2S1
P. L. Munro — President
C. L. Stafford — Mine Manager, Tasu, Queen Charlotte Islands, B.C.

Lakefield Research of Canada Limited
Lakefield, Ontario K0L 2H0
A. G. Scobie — Manager

Marketing Subsidiaries and Affiliates

Falconbridge International Limited
Gibbons Building, Queen Street
Hamilton 5-31, Bermuda
Telephone 2-4700
Telex 3479

Falconbridge International Limited
P.O. Box 40, Commerce Court West
Toronto, Ontario, Canada M5L 1B4
Telephone (416) 863-7000
Telex 065-24211

Falconbridge U.S. Incorporated
Seven Parkway Center
Suite 450
Borough of Greentree
Pittsburgh, Pennsylvania 15220
U.S.A.
Telephone (412) 922-0100

Falconbridge Europe, S.A.
150 Chaussée de la Hulpe
1170 Brussels, Belgium
Telephone (02) 673-99-50
Telex 46-23280

Canadian Nickel Division

J. J. Mather — President

Operating Locations

Ontario

Sudbury Operations —
G. A. Allen — General Manager

Mines — Falconbridge, East*, Strathcona, Hardy Open Pit, Fecunis*, Onaping*, North, Longvack South*
(*Temporarily closed; on stand-by)

Mines Under Development —
Lockerby (scheduled for production 1977), Fraser

Concentrators — Falconbridge, Strathcona, Fecunis*
(*Temporarily closed; on stand-by)

Smelter — Falconbridge

Manitoba

Manibridge Mine and Mill
Near Wabowden, Manitoba
G. A. Vary — Manager

Research Laboratories

Falconbridge Metallurgical Laboratories, Richmond Hill, Ontario; Falconbridge, Ontario; Kristiansand S., Norway; Lakefield Research of Canada Limited, Lakefield, Ontario

Exploration Offices

Toronto, Sudbury and Thunder Bay, Ontario; Quebec and Noranda, Quebec; Vancouver, B.C.; Winnipeg, Manitoba; Whitehorse, Yukon Territory; St. John's, Newfoundland; Santo Domingo, Dominican Republic; Oslo, Norway; Rio de Janerio, Brazil; Johannesburg, South Africa; Windhoek, South West Africa; Manila, Philippines

Products

Products of Falconbridge Nickel Mines Limited and affiliated companies include: Nickel, copper, cobalt, gold, silver, platinum, palladium, iridium, rhodium, ruthenium, selenium, lead, iron ore, zinc, cadmium, nepheline syenite, silica, limestone aggregates, liquid sulphur dioxide, oil, natural gas, carbon and high-alloy steel castings, and other products for consumer and industrial use

Solicitors

Tilley, Carson & Findlay, Toronto

Auditors

Clarkson, Gordon & Co., Toronto

Transfer Agents and Registrars

Crown Trust Company, Toronto, Montreal, Vancouver and Calgary

Registrar and Transfer Company,

New York and Jersey City, U.S.A.

Stock Exchanges

The common shares of Falconbridge Nickel Mines Limited are listed on the Toronto, Montreal and Vancouver stock exchanges.

The common shares are also traded Over-the-Counter in the United States. The NASDAQ symbol is FALCF.

FALCONBRIDGE NICKEL MINES LIMITED

DIRECTOR EMERITUS

REGINALD CAMPBELL

BOARD OF DIRECTORS

† F. H. BRANDI,
Former Chairman, Dillon, Read & Co. Inc.

C. F. H. CARSON, Q.C.
Partner, law firm of
Tilley, Carson & Findlay

JOHN B. CONNALLY,
Senior Partner, law firm of Vinson & Elkins

* MARSH A. COOPER,
President and Managing Director

† O. D. COWAN,
Chairman, General Impact
Extrusions Ltd.

W. G. DAHL,
Group Vice-President

*† NELSON M. DAVIS,
Chairman of the Board,
N. M. Davis Corporation Limited

R. B. FULTON,
President and Chief Executive Officer,
McIntyre Mines Limited

E. L. HEALY,
President and Chief Executive Officer,
Falconbridge Engineering and
Development Incorporated

* W. F. JAMES,
Partner in James & Buffam,
Consulting Geologists

* H. B. KECK,
President, The Superior Oil Company

G. P. MITCHELL,
Group Vice-President

J. E. REID,
Senior Vice-President,
The Superior Oil Company

W. I. SPENCER,
President, Citibank, N.A.
and President, Citicorp

* Member of the Executive Committee
† Member of the Audit Committee

OFFICERS AND CORPORATE MANAGEMENT

H. B. KECK,
Chairman of the Board

MARSH A. COOPER,
President and Managing Director

W. G. DAHL,
Group Vice-President

J. J. MATHER,
Group Vice-President

G. P. MITCHELL,
Group Vice-President

H. T. BERRY,
Vice-President Metallurgy and Research

J. E. FINLAY,
Vice-President Nickel Division

I. H. KEITH,
Vice-President Ferronickel Division

J. R. SMITH,
Vice-President Minerals Division

J. D. KRANE,
Director of Corporate Affairs and Secretary

J. L. MATTHEWS, Q.C.
General Counsel and Assistant Secretary

H. L. HICKEY,
Director Public Relations

KENNETH DUNN,
Assistant Director of Corporate Affairs
and Controller

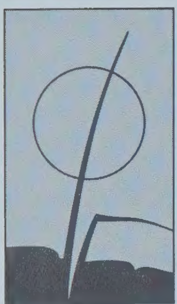
N. H. WITHERELL,
Treasurer

A. R. PASIEKA,
Director Mining Engineering and Research

PETER ZAHARUK,
Director General Engineering

P.O. BOX 40, COMMERCE COURT WEST, TORONTO, ONTARIO, CANADA M5L 1B4

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS



Highlights of 1976

The year 1976 was another difficult period for the mining industry. The depressed world demand for nickel and copper, combined with rising costs for labour and materials, again depressed the Company's earnings and cash flow. The production cutbacks at mines and plants in the Integrated Nickel Operations effected in 1975 carried through 1976. Production at year-end, although at a higher level than at the end of 1975, was still considerably lower than capacity.

In late summer, work on the Smelter Environmental Improvement Program, which had been suspended in 1975, was reactivated, with the completion of construction scheduled for the spring of 1978. The Fraser Mine development program was also restored to an active basis.

The promised temporary tax relief announced by the Ontario Government, relating to the earlier disallowance of foreign processing costs under the Ontario Mining Tax Act, was received during the year. Although this matter has been substantially resolved, it should be noted that the relieving legislation is effective only until April 9, 1979.

Price increases for electrolytic nickel and ferronickel were announced in October, but competition among producers prevented any significant benefit from the increases being received in 1976.

The price of copper was a major disappointment in 1976. From a poor beginning, an encouraging strengthening trend developed by mid-year but this was, unfortunately, not sustained. The average for the year was considerably below that which is necessary to yield reasonable returns to producers.

Falconbridge Dominicana, C. por A. continued to operate below rated capacity because of abnormally high inventories in consumers' hands. Earnings for 1976 were, however, 29 per cent higher because of the benefit of increases announced late in 1975 but not fully effective until 1976, coupled with the cost reduction program continued from the previous year.

Earnings of Falconbridge Copper Limited, although greater than in 1975, were still adversely affected by the low copper prices prevailing in 1976. Shaft sinking at the Corbet Mine continued during the year, reaching a depth of 2,670 feet at year-end. Milling of development ore from this mine is expected to begin in late 1978.

Indusmin Limited experienced a very good year with sales in the Industrial Minerals Division at all-time record levels. The reorganization of the Foundry Division was completed during the year with the purchase of the assets of Fahralloy Canada Limited.

The operations of United Keno Hill Mines Limited were adversely affected by a lengthy strike in August and September. As a result of this, earnings were much lower than in 1975.

An evaluation of Alminex Limited was initiated during the year as the basis for a possible amalgamation with Canadian Superior Oil Limited. The results of the study are not yet available.

Consolidated Earnings

Consolidated earnings for the year were $14,703,000 or $2.96 per share, compared with $3,221,000 or 65 cents per share earned in 1975.

The Integrated Nickel Operations recorded earnings of $4,727,000 in 1976, compared with a loss of $5,390,000 in 1975. Deliveries of nickel and cobalt to customers in 1976 were somewhat higher than in 1975, although offset to some extent by lower deliveries of copper caused by reduced production. Prices of all metals showed marginal increases in 1976. Inflation continued to have an adverse effect on costs at the Sudbury operations, with the new labour contract concluded late in 1975 having particular impact. Norwegian unit production costs were held at approximately the same level as in 1975.

The relationship between the Canadian and United States dollars has a significant effect on earnings, particularly those of the Integrated Nickel Operations whose production is sold in U.S. dollars. During most of 1976, the Canadian dollar was at a premium in relation to the U.S. dollar; only towards the end of the year did it move to a discount position. Had the two currencies been at parity during the year, consolidated earnings would have increased by approximately $1,800,000 or 12 per cent.

Subsidiary companies contributed $11,428,000 to consolidated earnings for the year, an increase of $2,839,000 over their aggregate contribution for 1975. In order of magnitude, Falconbridge Dominicana, C. por A. contributed $8,834,000 in 1976, an increase of $3,145,000 over 1975; Indusmin Limited (including its subsidiary, Fahramet Limited, in 1976), $2,019,000, an increase of $708,000; Falconbridge Copper Limited, $1,637,000, up by $1,439,000 from the 1975 level; and Oamites Mining Company (Proprietary) Limited, $128,000, down by $611,000 from 1975. Wesfrob Mines Limited incurred a loss of $337,000, which was $1,024,000 less than the 1975 loss.

Falconbridge's share of the earnings of other controlled companies recorded on an equity basis, together with dividends from other investments, amounted to $4,757,000 in 1976, a decrease of $543,000 from the total for 1975. Alminex Limited contributed $3,424,000 in 1976, an increase of $472,000 over its 1975 contribution, which was based on a slightly larger Falconbridge shareholding; United Keno Hill Mines Limited contributed $841,000, which was $581,000 lower than in 1975; while dividends from Giant Yellowknife Mines Limited and Akaitcho Yellowknife Gold Mines Limited amounting to $142,000, were $308,000 lower than the amounts received in 1975.

Further details of the financial results of individual operations and companies appear in Statement 4, and on pages 31 to 40.

Working Capital

Consolidated working capital decreased during the year by $12,019,000 to a year-end total of $152,083,000. Operations generated $69,519,000 of working capital while disposals of fixed assets and other items contributed a further $6,574,000. Reductions in working capital were brought about by expenditures of $50,252,000 on property, plant, equipment, development and preproduction; reductions in long-term debt amounting to $31,406,000 and dividends of $4,962,000 paid to shareholders of the Company.

Application of funds during 1976 were approximately $510,000,000, including $265,000,000 (or 52 per cent of the total) to suppliers for operating supplies and fixed assets, $122,000,000 (or 24 per cent of the total) to employees as take-home pay, net of taxes, and $59,000,000 (or 12 per cent of the total) to various levels of government for a multiplicity of taxes levied during the year. The amount going to shareholders in the form of dividends was one per cent of the total application of funds; in other words, one cent out of every dollar. Although 79 per cent of sales revenues were derived from exports and generated foreign currency receipts, only 36 per cent of all funds utilized went to non-Canadian sources.

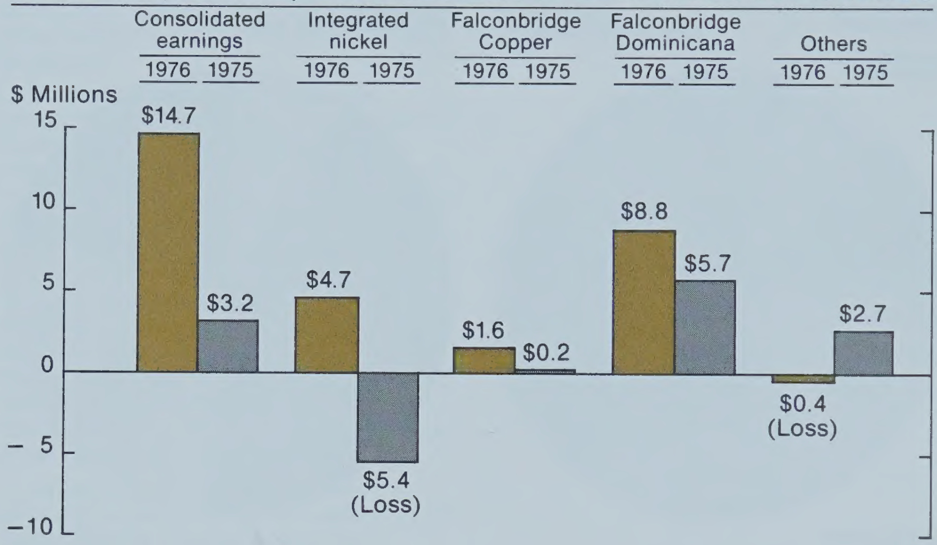
Return on Net Assets

The return on consolidated total assets less current liabilities was 3.5 per cent in 1976, as compared with 1.0 per cent in 1975. By any measurement, the return is unsatisfactory and it will remain so until metal prices reach levels which recognize the tremendous inflation of costs, both operating and capital, which has occurred in recent years.

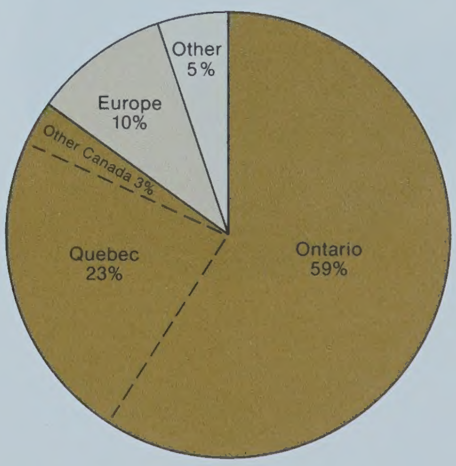
Dividend

The directors declared a dividend of 25 cents per share in each of the four quarters of 1976, a total for the year of $1.00 per share.

EARNINGS **($ Millions)** CONTRIBUTION TO CONSOLIDATED EARNINGS



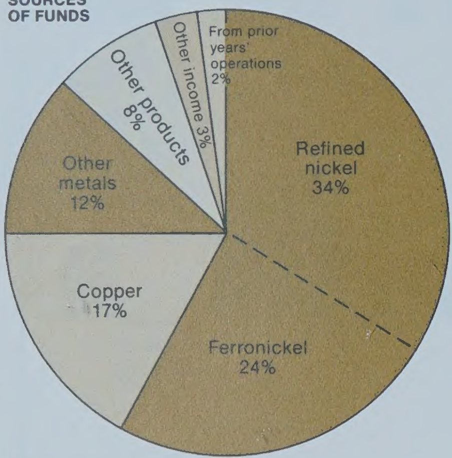
CONSOLIDATED CAPITAL EXPENDITURES BY GEOGRAPHICAL AREA 1976



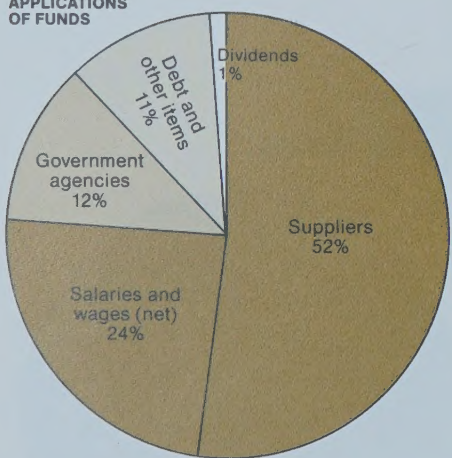
REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

CONSOLIDATED SOURCES AND APPLICATIONS OF WORKING CAPITAL (FUNDS) DURING 1976

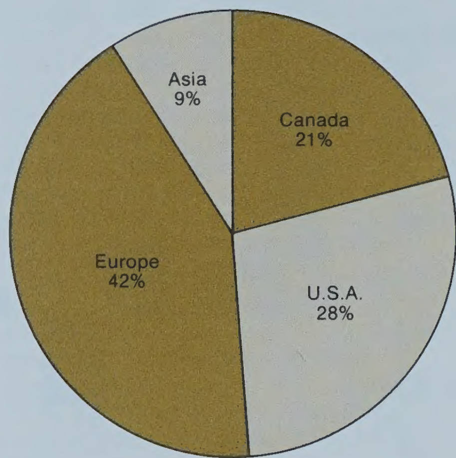
SOURCES OF FUNDS



APPLICATIONS OF FUNDS



CONSOLIDATED SALES REVENUES BY GEOGRAPHICAL AREA 1976



Marketing Summary

Deliveries of Falconbridge nickel in all forms in the highly competitive markets of 1976, including nickel refined and delivered on a commission basis, were 143,396,000 pounds compared with 115,447,000 pounds in 1975. The increase was due mainly to strenuous marketing efforts world-wide and a recovery in the United States economy which resulted in improved demand in some segments of the market.

The published base price to U.S. customers for Falconbridge electrolytic nickel was increased in October, 1976 by U.S. 21 cents per pound — from U.S. $2.20 to U.S. $2.41 per pound. The published base price to U.S. customers for ferronickel was increased by U.S. 18 cents per pound of nickel content in October, from U.S. $2.18 to U.S. $2.36 per pound of nickel content. Subsequently, a price allowance of U.S. 8 cents per pound of nickel contained in ferronickel was announced for orders received before the end of 1976 for delivery in the first quarter of 1977. Due to competitive price guarantees, little benefit from these new prices was realized before year-end.

The London Metal Exchange spot price for copper wirebars made a modest recovery in 1976, in comparison with the depressed levels of 1975. The LME began the year at U.S. 53 cents per pound, reached a high of U.S. 77 cents per pound in July, dropped to a low of U.S. 55 cents per pound in October, and closed the year at U.S. 61 cents per pound. Nevertheless, LME copper prices remain well below the buoyant levels of 1973 and 1974.

Deliveries of metals produced by the Integrated Nickel Operations and the Ferronickel Division were as follows:

	1976	1975
	(pounds)	
Refined Nickel in all forms*	83,615,000	65,177,000
Ferronickel	59,781,000	50,270,000
	143,396,000	115,447,000
Copper*	36,081,000	42,978,000
Cobalt	2,079,000	1,365,000

* Includes nickel and copper refined and delivered on a commission basis.

Nickel inventories, which rose to excessive levels during the previous year, declined nearer to normal working levels at year-end.

Deliveries from subsidiary companies of copper concentrates containing 103,206,000 pounds of copper were higher than the 1975 quantity of 97,154,000 pounds. The improvement was largely due to increased commercial production at the Sturgeon Lake operation of Falconbridge Copper Limited. Deliveries of zinc, gold, silver, lead, platinum, palladium and other metals by the Company and its subsidiary and associated companies in 1976 were comparable with 1975 levels.

Exploration

Consolidated exploration expenditures of Falconbridge and its subsidiary companies were $8,325,000, an increase of $499,000, compared with 1975. Direct expenditures of Falconbridge Nickel Mines Limited and its wholly-owned subsidiaries during 1976 were $6,751,000, of which $1,700,000 was spent on exploration for new orebodies in the Sudbury area.

Exploratory drilling from underground workings in the Company's Strathcona Mine in the Sudbury area resulted in the discovery of a significant zone of copper mineralization, approximately 600 feet north of the main nickel-copper orebodies. Possible reserves in this area have been estimated at 2,000,000 tons grading 4.6 per cent copper and 0.2 per cent nickel. Drifting is in progress to provide access to the new zone and bases for detailed drilling.

General exploration activities in Canada were continued on a normal basis in most provinces, although total expenditures were lower than in 1975. In Manitoba, the Company managed several projects in which the Provincial Government exercised its right to participate. Exploration work in the Yukon Territory was continued under a joint venture arrangement with United Keno Hill Mines Limited.

Exploration exposure in the United States was extended by the formation of new joint ventures in the mid-western and western States, and the search for precious metals in Nevada was continued.

Exploration efforts in Norway were concentrated in the vicinity of two nickel sulphide deposits discovered in 1975. Unfortunately, potential reserves in these areas were not increased sufficiently to be considered mineable on an economic basis.

In southern Africa, exploration work was continued under a joint venture organization managed by Falconbridge, in which Falconbridge has a 50 per cent interest. Several interesting uranium occurrences have been explored in Botswana and South West Africa but no economic deposits have been defined. Exploration for diamonds on a concession granted by the Botswana Government was discontinued at the end of the year.

Exploration projects have been undertaken in Brazil, and opportunities in other parts of Latin America have been examined.

During 1976, a major exploration program was initiated to evaluate a nickel laterite deposit in the Republic of the Philippines, located about 200 kilometers northwest of Manila. Rights to acquire an interest in this deposit have been obtained through agreements with Global Marine Resources, Inc., Global Marine Inc., and Benguet Consolidated Inc. If it is determined that commercial production is economically viable, mining and metallurgical operations will be developed and managed by Falconbridge. The active search for nickel laterite deposits in other parts of the world is continuing.

Natresco Inc., a wholly-owned subsidiary, had a minor participation in 19 wells drilled in the Gulf of Mexico, of which 17 were completed as gas wells and 2 were dry holes. Two additional wells were being drilled at year-end.

Research and Development

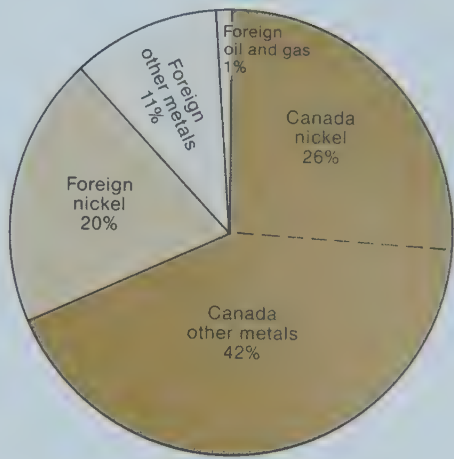
Research and development expenditures in 1976 decreased to $3,769,000 from $4,100,000 in the previous year.

The Company's research laboratories at Falconbridge, Richmond Hill and Kristiansand, Norway were active in support of major construction projects at the smelter in Falconbridge and in the process improvement program at the Kristiansand refinery. Both projects, which are directed to improved working conditions and operating efficiency, involve appreciable changes in process metallurgy. Other metallurgical research and development work was directed towards an improvement in the operation of the ferronickel plant in the Dominican Republic and increasing metal recoveries in milling operations at Sudbury and at Sturgeon Lake Mines Limited.

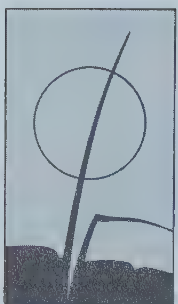
Environmental Control

A major design study has been completed for a new tailings disposal area and waste water treatment program for the Falconbridge mill-smelter area. This new tailings location and the first phase of the water treatment system are to be operational before the start-up of the Smelter Environmental Improvement Program. In addition to these major

CONSOLIDATED EXPLORATION EXPENDITURES BY GEOGRAPHICAL AREA 1976



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS



programs, important improvements were made at various Sudbury area operations.

During 1976 a joint program undertaken and financed by Giant Yellowknife Mines Limited and Environment Canada developed new technology and started operation of a pilot plant at the Giant Yellowknife mill. This program is expected to produce improved technology for treating gold milling waste waters, and Environment Canada expects that it will be applicable at Giant Yellowknife as well as many other gold mining operations in Canada.

A very simple waste water treatment system installed at United Keno Hill Mines Limited in the spring of 1976 has made a major improvement in the quality and quantity of waste water discharged from the Keno tailing area.

Falconbridge is participating in three Federal-Provincial-Industrial Task Forces that are studying air and water emissions from smelters and similar facilities and the usable control technology. The objective of the Task Forces is to recommend a basis for Canada-wide emission guidelines and regulations that will protect the environment and be economically acceptable to industry.

Shareholders

At December 31, 1976 the Company had 9,788 shareholders, of whom 7,449 were of Canadian registry holding 4,526,638 shares. This represents 90 per cent of the 5,008,555 shares outstanding after deduction of 45,483 shares held by subsidiaries. At the end of the previous year there were 10,732 shareholders, of whom 8,179 were of Canadian registry holding 4,481,476 shares representing 89 per cent ownership.

Organization

The Directors record with profound regret the death of Mr. Thayer Lindsley on May 29, 1976. Mr. Lindsley, in 1928, founded both Ventures Limited and Falconbridge Nickel Mines Limited and served as President of both companies for long periods of time. At the time of his death he was employed in a consulting capacity by Falconbridge. Mr. Lindsley's contribution both to Falconbridge and the Canadian mining industry is well known and his wise counsel will be missed by the Falconbridge staff.

Mr. G. T. N. Woodrooffe, Vice-President Corporate Affairs and Secretary, retired from the Company in May, 1976 after 31 years of service. Subsequently Mr. J. D. Krane, Assistant Vice-President Corporate Affairs, was appointed Director of Corporate Affairs and Secretary.

At the end of the year the following senior management positions were phased out: Executive Vice-President Operations, Vice-President Marketing, Vice-President Exploration and Development, Vice-President Eastern Minerals Division, Vice-President Industrial Minerals Division and Vice-President Finance. In their place the following five new positions were established: Messrs. W. G. Dahl, G. P. Mitchell and J. J. Mather were appointed Group Vice-Presidents. Mr. J. R. Smith was appointed Vice-President Minerals Division and Mr. E. L. Healy is to assume the positions of President and Chief Executive Officer, Falconbridge Engineering and Development Incorporated.

Appreciation

Despite difficult economic and market conditions, the year's performance has resulted in an improvement in earnings and commendable progress on a number of projects important to the Company's future. The Directors wish to express their sincere appreciation to the employees and to management at all locations for the results achieved. The support given by the shareholders, customers, suppliers and contractors is gratefully acknowledged.

On behalf of the Board of Directors:

MARSH A. COOPER,
President and Managing Director.

Toronto, Ontario.
February 21, 1977.

CONSOLIDATED FINANCIAL STATEMENTS

FALCONBRIDGE NICKEL MINES LIMITED

Clarkson, Gordon & Co.
Chartered Accountants

Royal Trust Tower
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London Windsor Thunder Bay Winnipeg Regina
Calgary Edmonton Vancouver Victoria

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United States—Brazil

Telephone 864-1234 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of
Falconbridge Nickel Mines Limited:

We have examined the consolidated balance sheet of Falconbridge Nickel Mines Limited as at December 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. We have also examined the statement of supplementary information as at December 31, 1976 and for the year then ended and the statement of investment in associated and other companies as at December 31, 1976. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended, and the statement of supplementary information and the statement of investment in associated and other companies present fairly the information set forth therein, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year (after restating, see note 1(b)).

Clarkson, Gordon & Co.

Toronto, Canada,
March 11, 1977.

Chartered Accountants

ACCOUNTING POLICIES

The principal accounting policies followed by Falconbridge Nickel Mines Limited and its subsidiaries are summarized hereunder to facilitate review of the consolidated financial statements contained in this report.

A. Basis of consolidation and accounting standards

(i) Falconbridge consolidates the accounts of subsidiary companies (owned more than 50%), and accounts on an equity basis for effectively controlled companies; and

(ii) The accounting principles followed by the company are those which are generally accepted in Canada. Foreign subsidiaries' financial statements are restated for consolidation purposes to accord with such principles.

B. Translation of foreign currencies

(i) Current assets and current liabilities are translated into Canadian dollars at rates which approximate quoted current rates of exchange at December 31;

(ii) Items included in property, plant and equipment, other assets, and non-current liabilities are generally translated into Canadian dollars at the rates of exchange prevailing at the dates the transactions were recorded;

(iii) Revenues and expenses are translated into Canadian dollars at rates which approximate the average monthly quoted rates of exchange except that provisions for depreciation, depletion and amortization are translated at the rates prevailing when the expenditures on the related assets were made; and

(iv) Gains on translation of foreign subsidiaries' accounts for consolidation purposes are deferred and losses are reflected in earnings.

C. Revenue recognition

Revenues are recorded in the accounts for the sale of refined metals, ferronickel, industrial minerals and metal castings when legal title passes to the buyer.

Metals contained in concentrate production are sold under long-term contracts. Estimated revenues are recorded in the accounts during the month when the concentrates are produced. The estimated revenues may be subject to adjustment on final settlement or may be adjusted prior to final settlement, usually three or four months after the date of production, to reflect changes in metal market prices and weights and assays.

D. Valuation of inventories

Metals inventories are valued at the lower of cost and net realizable value. Cost includes direct labour and material costs as well as administrative expenses at the operating properties. The cost of inventories derived from Falconbridge's ore is determined on a "last-in, first-out" basis; the cost of inventories derived from the subsidiaries' ore and other sources is determined on a "first-in, first-out" basis. The cost of supplies inventories is determined on an average cost basis.

E. Depreciation, depletion and amortization

(i) Falconbridge calculates depreciation on the straight-line method at the rate of 10% per annum on all plant and equipment in use; generally the subsidiary companies calculate depreciation on the straight-line method at rates varying from 5% to 25%. Depreciation is provided on the production method by Wesfrob Mines Limited and by Falconbridge Copper Limited for its Sturgeon Lake Joint Venture Mine;

(ii) Depletion of properties is provided over a period equal to the lesser of the estimated life of the resources recoverable from the properties or twenty-five years;

(iii) Development and preproduction expenditures are deferred until the commencement of commercial production and then written off at rates designed to amortize the expenditures over periods not longer than the lives of the producing mines or properties;

(iv) Repairs and maintenance are charged to operations or development and preproduction; major betterments and replacements are capitalized. Upon sale or retirement, the cost of the fixed assets and the related accumulated depreciation are removed from the accounts and any gains or losses thereon are taken into earnings; and

(v) Discount and financing expenses incurred in connection with long-term debt obligations are amortized over the period that the related obligations are outstanding.

F. Exploration

The general policy is to write off exploration costs as incurred.

G. Research and process development

Research and process development costs are charged against income as incurred.

H. Retirement plans

The costs of retirement plans are charged against income in the year premiums or required fundings are payable. Past service costs are generally being funded over periods of up to 15 years.

I. Income and mining taxes

All companies follow the tax allocation method of accounting. Under this method timing differences between the period when income is reported for tax purposes and the period when it is recorded in the accounts (which arise principally as a result of claiming depreciation and preproduction at rates differing from those recorded in the accounts) result in provisions for deferred taxes and these are segregated in the deferred income and mining tax account at the year-end.

FALCONBRIDGE NICKEL MINES LIMITED

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1976

ASSETS

	1976 (000's)	1975 (000's) (note 1)
CURRENT:		
Cash and temporary investments, at cost which approximates market value (note 5B, page 20)	**$ 49,022**	$ 70,607
Accounts and metal settlements receivable	**121,818**	69,851
Income and mining taxes recoverable	**842**	10,268
Inventories of metals	**47,022**	76,907
Inventories of supplies	**33,887**	36,246
	252,591	263,879
PROPERTY, PLANT AND EQUIPMENT:		
Producing assets —		
Plant and equipment, at cost	**494,463**	484,105
Land and properties, at cost	**20,288**	20,448
	514,751	504,553
Less accumulated depreciation and depletion	**316,347**	285,664
	198,404	218,889
Development and preproduction expenditures, at cost less amounts written off	**56,813**	64,722
	255,217	283,611
Non-producing assets (note 2, page 18) —		
Properties and projects, at cost less amounts written off	**167,654**	143,178
	422,871	426,789
OTHER:		
Investment in associated and other companies (statement 5, page 26)	**53,220**	51,157
Deposits, long-term accounts receivable and other assets, at cost	**3,292**	2,985
Debt discount and issue expenses, at cost less amounts written off	**4,011**	4,281
	60,523	58,423
	$ 735,985	$ 749,091

(See notes to consolidated financial statements)

STATEMENT 1

LIABILITIES AND SHAREHOLDERS' EQUITY

	1976 (000's)	1975 (000's) (note 1)
CURRENT:		
Bank indebtedness	**$ 9,147**	$ 4,517
Accounts payable and accrued charges	**40,537**	57,990
Salaries and wages payable	**15,173**	12,925
Income and other taxes payable	**4,881**	7,021
Long-term debt maturing within one year	**30,770**	17,324
	100,508	99,777
LONG-TERM DEBT (note 5, page 19):		
Falconbridge Nickel Mines Limited	**100,252**	110,870
Falconbridge Dominicana, C. por A.	**123,193**	143,855
Other companies	**270**	396
	223,715	255,121
DEFERRED INCOME AND MINING TAXES	**31,656**	29,838
MINORITY INTEREST	**58,857**	52,922
SHAREHOLDERS' EQUITY:		
Capital (note 9, page 21) —		
Authorized:		
3,000,000 Preference shares of the par value of $25 each		
7,000,000 Common shares of no par value		
Issued:		
5,008,555 Common shares in 1976 (5,005,555 shares in 1975)	**88,963**	88,888
Retained earnings (note 5B, page 20)	**235,465**	225,724
	324,428	314,612
Less 45,483 common shares held by subsidiary companies, at cost	**(3,179)**	(3,179)
	321,249	311,433
	$ 735,985	$ 749,091

On behalf of the Board:

M. A. COOPER, Director

W. F. JAMES, Director

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT 2

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1976

CONSOLIDATED STATEMENT OF EARNINGS

(See additional details — Statement 4, page 22)

	1976 (000's)	1975 (000's) (note 1)
Revenues	**$ 483,480**	$ 409,888
Operating expenses:		
Costs other than the undermentioned items	**353,995**	298,251
Strike and production curtailment costs		8,958
Selling, general and administrative expenses	**22,695**	20,731
Development and preproduction expenditures written off	**16,427**	17,580
Depreciation and depletion	**33,034**	34,138
	426,151	379,658
Operating profit	**57,329**	30,230
Interest and amortization of debt expenses (net of interest and other income of $4,294,000 in 1976 and $9,740,000 in 1975)	**20,125**	16,096
Expenditures on exploration	**8,325**	7,826
Expenditures on research and process development	**3,769**	4,100
	32,219	28,022
Earnings before taxes and other items	**25,110**	2,208
Income and mining taxes (note 3, page 18):		
Current	**5,390**	4,412
Deferred	**2,049**	(3,480)
	7,439	932
Earnings after taxes, before other items	**17,671**	1,276
Income from investment in associated and other companies (after reflecting net loss on disposals and write-offs of $80,000 in 1976 — $606,000 in 1975)	**4,757**	5,300
Earnings before minority interest	**22,428**	6,576
Minority shareholders' interest in earnings of subsidiary companies	**7,725**	3,355
Earnings for the year	**$ 14,703**	$ 3,221
Earnings per share (note 6, page 20)	**$ 2.96**	$ 0.65

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1976	1975
Retained earnings, beginning of year:		
As previously reported	**$ 224,591**	$ 226,329
Prior years' adjustments (note 1, page 18)	**1,133**	1,133
As restated	**225,724**	227,462
Earnings for the year	**14,703**	3,221
	240,427	230,683
Dividends ($1.00 per share in each year)	**4,962**	4,959
Retained earnings, end of year	**$ 235,465**	$ 225,724

(See notes to consolidated financial statements)

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1976

	1976 (000's)	1975 (000's) (note 1)
Sources of working capital (funds):		
From operations, being —		
Earnings for the year	$ 14,703	$ 3,221
Add (deduct) items entering into the determination of earnings which neither use nor provide funds:		
Depreciation and depletion	33,034	34,138
Deferred development and preproduction expenditures written off	16,427	17,580
Amortization of debt expenses	270	269
Income and mining taxes deferred	1,818	(3,480)
Minority shareholders' interest in earnings of subsidiary companies	7,725	3,355
Gains on disposal of fixed assets	(2,065)	(1,834)
Loss on disposal and write-off of investments	80	606
Interest in earnings of companies accounted for on an equity basis in excess of dividends received	(2,473)	(2,768)
Total from operations	69,519	51,087
Proceeds from disposal of investments	341	1,681
Proceeds from disposal of fixed assets	6,064	6,339
Subsidiaries acquired and disposed of	94	832
Issue of shares for cash	75	115
	76,093	60,054
Applications of working capital:		
Expenditures on property, plant and equipment	27,210	41,930
Development and preproduction expenditures	23,042	20,776
Decrease in long-term debt	31,406	19,244
Dividend payments to company shareholders	4,962	4,959
Dividends paid to and reduction of minority interest	1,136	1,335
Increase in investment in associated and other companies	49	4,162
Increase (decrease) in other non-current assets	307	(987)
	88,112	91,419
Decrease in working capital during the year	$ 12,019	$ 31,365
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash and temporary investments	$ (21,585)	$ (64,641)
Accounts and metal settlements receivable	42,541	906
Inventories	(32,244)	49,734
	(11,288)	(14,001)
Increase (decrease) in current liabilities —		
Bank indebtedness	4,630	1,737
Long-term debt maturing within one year	13,446	3,945
Other current liabilities	(17,345)	11,682
	731	17,364
Decrease in working capital during the year	12,019	31,365
Working capital, beginning of year	164,102	195,467
Working capital, end of year	$ 152,083	$ 164,102

(See notes to consolidated financial statements)

FALCONBRIDGE NICKEL MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1976

1. Accounting policies and prior years' adjustments

(a) Principal accounting policies

The principal accounting policies followed by Falconbridge and its subsidiary companies are detailed under the caption "Accounting policies" on page 13.

(b) Prior years' adjustments

(i) A sale of shareholdings, in April, 1976, has necessitated a change in accounting for the company's investment in Alminex Limited. Alminex which was previously fully consolidated is no longer a subsidiary and is now accounted for on the equity basis. For comparative purposes certain prior years' figures have been restated; and

(ii) Tax assessments were received by certain subsidiary and controlled companies relating to 1974 and prior years.

2. Non-producing assets

(a) See note 5 of the notes to the statement of supplementary information on page 25 for details of the assets in this category.

(b) Non-producing assets include $33,841,000 (1975 — $33,748,000) for exploration, development and other expenditures relating to New Quebec Raglan Mines Limited and its subsidiary company, Raglan Quebec Mines Limited in the development of that subsidiary company's Cape Smith-Wakeham Bay properties. These expenditures have been deferred with the intention that they should be amortized by charges against income from future mining operations.

While exploration and development at the properties have been suspended, studies are continuing regarding the feasibility of alternate methods of bringing the properties into production. Development work and the feasibility studies on this project to date have not resulted in conclusions that the expenditures on the properties will or will not be recoverable by charges against income from future mining operations. The recovery of these costs from operations is dependent upon the obtaining of adequate financing, the successful development of an economic mining operation, and the marketing of concentrate production.

3. Income and mining taxes

The ratio of income and mining taxes as a percentage of earnings before taxes decreased from 42% in 1975 to 30% in 1976.

The difference between the amount of reported consolidated income and mining tax expense and the amount computed by multiplying the income before tax by the company's applicable tax rates in 1976 is as follows —

	Canadian taxes			
	Federal and provincial income taxes (000's)	Provincial mining taxes (000's)	Foreign taxes (000's)	Total (000's)
Applicable income before taxes	$ 4,273	$ 4,273	$20,837	$25,110
Current tax rates	48%	19%*	48%	
Income before tax X tax rate	$ 2,051	$ 812	$10,002	$12,865
Taxes reported in accounts	(3,117)	2,465	8,091	7,439
Increase (decrease) to be reconciled	$ (5,168)	$ 1,653	$ (1,911)	$ (5,426)
Reconciliation —				
(1) Non-claimable expenses	$ 995	$ 2,872	$ 1,190	
(2) Non-taxable (gains) losses	(581)	1,368	(264)	
(3) Resource, depletion and processing allowances	(4,216)	(2,587)		
(4) Adjustments to current tax rates	(1,366)		(2,837)	
	$ (5,168)	$ 1,653	$ (1,911)	

*Average from graduated scale ranging from 15% to 25%

Falconbridge Dominicana, C. por A. (Falcondo), a subsidiary company, has received income tax assessments, for the 1972 and 1973 fiscal years, approximating Cdn. $4,842,000. Falcondo is presently appealing these assessments and, based on counsel's opinion, the company believes that there will be no material adjustments required to the consolidated accounts.

4. Foreign exchange translation

(a) If translated into Canadian dollars at quoted current rates of exchange at December 31, 1976 long-term debt would decrease by $337,000 to $223,378,000. This change is not necessarily indicative of the amount which will be repayable when the obligations are retired.

(b) Exchange losses on foreign currency transactions which amounted to $264,000 in 1976 (1975 — $92,000) have been charged to earnings; gains, which amounted to $1,994,000 at December 31, 1976 (1975 — $1,639,000), have been deferred and included in accounts payable and accrued charges.

5. Long-term debt

A. Details of long-term debt are as follows:

	1976 (000's)	1975 (000's)
(i) Falconbridge Nickel Mines Limited		
7.75% Sinking fund debentures maturing February, 1991 (a)	$ 48,750	$ 48,750
8.85% Sinking fund debentures maturing May, 1996 (U.S. $50,000,000) (b)	51,094	51,094
Bank loan due January, 1977		10,000
Mortgages on company housing and other obligations	408	1,026
Total (1976 net of $10,150,000 maturing within one year)	$ 100,252	$ 110,870

(a) No portion of the principal is due on the 7.75% debentures until 1977 when the company is required to commence sinking fund payments sufficient to retire $1,250,000 principal amount of debentures in each of the years 1977 to 1990.

At December 31, 1976 $1,250,000 principal amount had been purchased to meet the sinking fund requirements for 1977.

(b) No portion of the principal is due on the 8.85% debentures until 1981 when the company is required to commence sinking fund payments sufficient to retire U.S. $3,000,000 principal amount of debentures in each of the years 1981 to 1995.

	1976	1975
(ii) Falconbridge Dominicana, C. por A.		
(a) Due to Loma Corporation* (payable in U.S. currency) —		
8% Series B demand mortgage notes	RD$ 10,250	RD$ 20,500
8½% Series C demand mortgage notes	76,190	80,000
8½% Series D demand subordinate notes	34,000	34,000
	120,440	134,500

* Payment will only be demanded in certain circumstances, the most significant being to meet payment due on notes of Loma Corporation (a U.S. financing company) issued in the same principal amounts and at the same interest rates as the above demand notes, as follows:

8% Series B secured sinking fund notes, due semi-annually to 1977;

8½% Series C secured sinking fund notes, due semi-annually to 1986; and

8½% Series D guaranteed sinking fund notes, due semi-annually 1987 to 1991 inclusive.

	1976	1975
(b) Due to International Bank for Reconstruction and Development — 7% Loans, due semi-annually to 1984, payable in various currencies	20,411	21,830
	140,851	156,330
(c) Company housing — 9½% Mortgages on company housing repayable monthly to 1993, in Dominican Republic currency	2,210	2,277
	143,061	158,607
Less long-term debt maturing within one year	20,494	16,552
Total — Expressed in Dominican Republic currency	RD$ 122,567	RD$ 142,055
Total — Expressed in Canadian currency and reflecting Canadian accounting principles (1976 net of $20,494,000 maturing within one year)	$ 123,193	$ 143,855
(iii) Other Companies		
Total (1976 net of $126,000 maturing within one year)	$ 270	$ 396

FALCONBRIDGE NICKEL MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iv) Maturities and sinking fund requirements

Maturities and sinking fund requirements (exclusive of foreign exchange adjustments) for the next five years are as follows:

1977 — $30,770,000
1978 — $11,681,000
1979 — $11,516,000
1980 — $11,526,000
1981 — $14,537,000

B. Guarantees, covenants and restrictions:

(i) Falconbridge has guaranteed portions of the long-term debt of Falconbridge Dominicana, C. por A. (Falcondo), details of which are as follows —

(a) All loans are secured by a first mortgage on the assets of Falcondo and by a contract under which Falconbridge Nickel Mines Limited has agreed to buy all ferronickel of commercial value produced by Falcondo. Falconbridge is also obligated to provide 60% of the funds required by Falcondo to enable it to meet its operating costs and debt service obligations in the event receipts from the sale of ferronickel produced by Falcondo and other receipts are insufficient for that purpose. The loans due to Loma Corporation are covered by a specific risk insurance issued by the Overseas Private Investment Corporation.

(b) Falconbridge has pledged all of its holdings of its shares of Falcondo against repayment of these loans, except the mortgages on company housing and the subordinated portion of U.S. $34,000,000. In addition, Falconbridge has made a direct guarantee for repayment of 60% of this subordinated portion of the loan.

(c) In accordance with the terms of the loan agreements, funds of $20,608,000 (1975 — $16,976,000) (included with cash and temporary investments) are on deposit with the Trustee for use in paying current debt service and expenses of Falcondo.

(ii) During the period that the Falcondo loans are outstanding, there are certain restrictions placed on the amount and nature of borrowing that Falconbridge can undertake. Covenants given by Falconbridge in this respect are substantially the same (other than the restriction on the payment of dividends) as those given by Falconbridge under its 8.85% debentures which include limitations as to:

(a) The amount of dividends which may be paid by Falconbridge (see (iii) below);

(b) The assumption of additional long-term debt; and

(c) Guarantees which it may give on certain indebtedness of its subsidiary and other companies.

(iii) At December 31, 1976, the portion of retained earnings restricted under the 8.85% debenture covenants and not available for dividend payment was $171,176,000.

6. Earnings per share

Earnings per share have been computed using the weighted average number of shares outstanding (excluding shares held by subsidiary companies). Inclusion in the earnings per share computation of shares subject to issue under outstanding options would produce substantially the same per share results.

7. Commitments and contingent liabilities

(a) The company is committed to an environmental improvement project involving major revisions to its smelting facilities at its Sudbury operations. It is now estimated that the cost of the new facilities will approximate $95,000,000 (of which $31,751,000 has been expended to December 31, 1976) with completion in 1978.

(b) There are commitments outstanding aggregating approximately $14,500,000 in connection with the smelter environmental improvement project and $1,500,000 on other capital expenditures of the company and its subsidiaries.

(c) The following directives from the Ontario Government are under continuing study and discussion with government officials:

(i) Construction of Canadian refining facilities;

(ii) Exemption, until December 31, 1979, from a requirement to process in Canada ores mined from certain properties of the company in Ontario, such exemption being limited to the quantity of nickel-copper matte capable of producing not more than 85,000,000 pounds of nickel;

(iii) The deferral for a period of five years, which commenced April 9, 1974, of the disallowance of the deduction of the cost of processing minerals outside of Canada (specifically the operating costs of the company's refinery in Norway) in determining profit subject to Ontario Mining Tax; and

(iv) Additional environmental controls related to smelter emissions and waste management at the Sudbury operations.

Pending completion of such discussions, it is not practicable to estimate the potential costs arising from these directives.

(d) In September, 1976, a court-appointed referee awarded termination pay, substantially in excess of that already paid by the company to employees who were laid off at Sudbury operations in late 1975. No provision has been made in the accounts for the award, estimated at $960,000, since an application for a judicial review of the referee's decision has been made.

8. Retirement plans

The company and certain of its Canadian subsidiaries maintain retirement plans providing retirement, death and termination benefits for substantially all salaried and hourly rated employees.

Total pension expense for the year was $9,161,000 (1975 — $6,929,000) including past service costs of $4,526,000 (1975 — $3,095,000). Based on the most recent actuarial evaluation, the unfunded past service costs for all pension plans in effect at December 31, 1976 are approximately $32,500,000 (1975—$17,500,000) including $19,000,000 (1975 — $10,000,000) which is computed to have vested.

While the companies have no legal liability with regard to the past service cost, including that portion which has vested, the companies' present intention is to discharge such unfunded past service liability over periods of up to 15 years.

9. Capital

On July 20, 1976 at a Special General Meeting, shareholders authorized amendment of the Articles of the Corporation by designating its 7,000,000 issued and unissued shares without par value as common shares; and by increasing its authorized capital by the creation of 3,000,000 special shares, designated as preference shares, of the par value of $25.00 each, issuable in series.

Arrangements have been concluded for a Canadian chartered bank to purchase up to $30,000,000 par value of the preference shares in the event that outside funds are required to complete the smelter environmental improvement program and certain other capital programs.

During the year 3,000 common shares of no par value were issued under the stock option plan available to certain employees. Options on 17,460 shares, expiring December 19, 1978, remain outstanding at $25.00 per share (being the closing bid price for the shares of the company on September 30, 1974, less a discount of 10%). Loans may be granted to assist employees in the purchase of shares under options.

10. Remuneration of directors and senior officers

Charges included in the consolidated statement of earnings for remuneration paid or payable to directors and senior officers, as defined under the Business Corporations Act of Ontario, amounted to $1,332,000 (1975 — $1,407,000).

11. Anti-inflation program

Effective October 14, 1975 the Federal Government passed the Anti-Inflation Act and subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation the company and its Canadian subsidiaries are subject to mandatory compliance with controls on prices, profit margins, employee compensation and shareholder dividends.

Under the Regulations dividends to the company's shareholders during the year ending October 13, 1977 may not exceed $2.16 per share.

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT OF SUPPLEMENTARY INFORMATION *(Thousands of dollars)*

	December 31, 1976						
	Integrated nickel operations	Unallocated corporate	Falconbridge Copper Limited	Falconbridge Dominicana, C. por A.	Indusmin Limited	Oamites Mining Company (Proprietary) Limited	Wesfrob Mines Limited
% ownership	(100%) (note 2)	(100%) (note 2)	(50.2%)	(65.7%) (note 3)	(69.0%) (note 3)	(74.9%)	(100%)
OPERATIONS (note 3):							
Revenues	$ 210,341	$ 2,161	$ 89,163	$ 116,288	$ 38,831	$ 10,060	$ 12,056
Operating expenses —							
Costs other than the undermentioned items	162,687		71,498	71,024	27,158	7,796	9,907
Strike and production curtailment costs							
Selling, general and administrative expenses	10,496	3,443	618	4,197	4,092	958	162
Development and preproduction expenditures written off	9,430		3,175	2,851	25	115	1,334
Depreciation and depletion	14,298	596	5,338	7,738	2,370	896	695
	196,911	4,039	80,629	85,810	33,645	9,765	12,098
Operating profit (loss)	13,430	(1,878)	8,534	30,478	5,186	295	(42
Interest and amortization of debt expenses (net)	4,675	1,929	(580)	13,583	689	(15)	
Expenditures on exploration	2,170	3,717	1,338	219	17		305
Expenditures on research and process development	3,878						
	10,723	5,646	758	13,802	706	(15)	305
Earnings (loss) before taxes and investment income (net)	2,707	(7,524)	7,776	16,676	4,480	310	(347
Income and mining taxes	(2,020)	(1,436)	2,947	5,515	1,524	115	
Earnings (loss) from operations	4,727	(6,088)	4,829	11,161	2,956	195	(347
Investment income (net)		4,636	29		74		
Earnings (loss) for the year	$ 4,727	$ (1,452)	$ 4,858	$ 11,161	$ 3,030	$ 195	$ (347
Falconbridge's interest in above earnings (loss) after consolidation adjustments (note 3)	$ 4,727	$ (1,452)	$ 1,637	$ 8,834	$ 2,019	$ 128	$ (337
WORKING CAPITAL (note 4):							
Current assets	$ 159,470		$ 29,961	$ 68,961	$ 16,005	$ 3,761	$ 5,091
Current liabilities	77,009		5,552	31,551	12,098	2,267	1,229
	$ 82,461		$ 24,409	$ 37,410	$ 3,907	$ 1,494	$ 3,862
PROPERTY, PLANT AND EQUIPMENT (note 5):							
Producing assets, at net book value —							
Plant and equipment	$ 52,336		$ 10,223	$ 101,051	$ 15,299	$ 5,495	$ 4,236
Land and properties	4,220		2,357	1,770	957	154	
Development and preproduction expenditures	12,748		4,405	36,242	488	723	2,207
	$ 69,304		$ 16,985	$ 139,063	$ 16,744	$ 6,372	$ 6,443
Non-producing assets, at cost less amounts written off	$ 112,099		$ 14,437		$ 643		
PRINCIPAL PRODUCTS	Nickel and copper		Copper and zinc	Ferronickel	Industrial minerals and metal castings	Copper	Iron and copper
PRINCIPAL LOCATION OF ASSETS	Ontario, Manitoba, Norway		Quebec, Ontario	Dominican Republic	Ontario, Quebec	South West Africa	British Columbia
MARKET VALUE OF FALCONBRIDGE'S SHAREHOLDINGS (note 6)			$ 38,244		$ 7,859		

(See notes to statement of supplementary information)

STATEMENT 4

Others	Consolidated total (after adjustments) (note 3)	December 31, 1975 — Integrated nickel operations (100%) (note 2)	Unallocated corporate (100%) (note 2)	Falconbridge Copper Limited (50.2%)	Falconbridge Dominicana, C. por A. (65.7%) (note 3)	Indusmin Limited (69.0%) (note 3)	Oamites Mining Company (Proprietary) Limited (74.9%)	Wesfrob Mines Limited (100%)	Others	Consolidated total (after adjustments) (note 3)
853	**$483,480**	$ 166,460	$ 2,000	$ 79,999	$ 106,269	$ 22,263	$ 10,864	$ 13,571	$ 15,856	**$ 409,888**
931	**353,995**	127,096		67,297	64,320	13,939	7,467	10,830	11,499	**298,251**
		8,958								**8,958**
169	**22,695**	9,370	3,278	797	2,793	2,518	1,328	67	1,699	**20,731**
	16,427	8,884		4,221	2,847	84	114	1,933		**17,580**
169	**33,034**	14,144	606	5,864	8,100	2,134	798	1,437	379	**34,138**
1,269	**426,151**	168,452	3,884	78,179	78,060	18,675	9,707	14,267	13,577	**379,658**
(416)	**57,329**	(1,992)	(1,884)	1,820	28,209	3,588	1,157	(696)	2,279	**30,230**
(155)	**20,125**	1,649	160	(413)	14,609	298	(40)		(171)	**16,096**
559	**8,325**	2,791	3,626	757	126			243	284	**7,826**
	3,769	4,210								**4,100**
404	**32,219**	8,650	3,786	344	14,735	298	(40)	243	113	**28,022**
(820)	**25,110**	(10,642)	(5,670)	1,476	13,474	3,290	1,197	(939)	2,166	**2,208**
126	**7,439**	(5,252)	(1,458)	850	4,186	1,378	68	396	1,154	**932**
(946)	**17,671**	(5,390)	(4,212)	626	9,288	1,912	1,129	(1,335)	1,012	**1,276**
99	**4,757**		4,234	29		5			1,070	**5,300**
(847)	**$ 22,428**	$ (5,390)	$ 22	$ 655	$ 9,288	$ 1,917	$ 1,129	$ (1,335)	$ 2,082	**$ 6,576**
(853)	**$ 14,703**	$ (5,390)	$ 22	$ 198	$ 5,689	$ 1,311	$ 739	$ (1,361)	$ 2,013	**$ 3,221**
1,327	**$252,591**	$ 174,361		$ 25,889	$ 61,465	$ 11,203	$ 2,507	$ 6,219	$ 9,103	**$ 263,879**
193	**100,508**	75,545		5,121	27,762	7,614	662	2,920	2,484	**99,777**
1,134	**$152,083**	$ 98,816		$ 20,768	$ 33,703	$ 3,589	$ 1,845	$ 3,299	$ 6,619	**$ 164,102**
305	**$188,945**	$ 61,014		$ 13,133	$ 107,277	$ 11,734	$ 5,708	$ 4,687	$ 3,822	**$ 207,375**
1	**9,459**	4,615		3,932	1,816	841	179		131	**11,514**
	56,813	16,265		5,861	38,590	513	838	2,655		**64,722**
306	**$255,217**	$ 81,894		$ 22,926	$ 147,683	$ 13,088	$ 6,725	$ 7,342	$ 3,953	**$ 283,611**
40,475	**$167,654**	$ 94,061		$ 7,214		$ 643			$ 41,260	**$ 143,178**
		Nickel and copper		Copper and zinc	Ferronickel	Industrial minerals and metal castings	Copper	Iron and copper		
		Ontario, Manitoba, Norway		Quebec, Ontario	Dominican Republic	Ontario, Quebec	South West Africa	British Columbia		
14,263	**$ 60,366**			$ 38,244		$ 5,743			$ 15,087	**$ 59,074**

FALCONBRIDGE NICKEL MINES LIMITED

NOTES TO STATEMENT OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 1976

1. Translation of foreign currencies

Foreign currency items have been translated into Canadian dollars as explained in note B of the accounting policies on page 13.

2. Integrated nickel operations and Unallocated corporate

Included under the caption "Integrated nickel operations" are the accounts of the company and all its wholly-owned subsidiaries engaged in the integrated operations of mining, milling, smelting, refining and marketing of nickel mainly derived from Canadian ore. That portion of the company's net corporate expenditures relating to the overall direction and management of other activities of the Falconbridge group of companies, dividend income and interest in the earnings of effectively controlled companies have been segregated under the caption "Unallocated corporate".

3. Operations

Adjustments have been made on consolidation as follows:

(a) Amortization of purchase discrepancies

Generally the difference between Falconbridge's interest in the book value of the net assets of its operating subsidiaries and the carrying value in the company's accounts is amortized in each case over the lesser of (i) the estimated life of the subsidiary's recoverable resources and (ii) a period of twenty-five years from the date of acquisition of the investment or the date the subsidiary commenced operations.

(b) Falconbridge Dominicana, C. por A. (Falcondo)

The ferronickel produced by Falcondo is purchased and marketed by Falconbridge. The earnings of Falcondo include profits on all ferronickel sold to Falconbridge, whereas consolidated earnings exclude the profits relating to inventories of ferronickel held by Falconbridge at December 31 for subsequent resale to customers.

(c) Indusmin Limited

The consolidated accounts of Indusmin Limited include the accounts of its wholly-owned subsidiary Fahramet Limited (previously Fahralloy-Wisconsin Limited) from July 1, 1975. Previously Fahralloy-Wisconsin was 50% owned by Falconbridge's wholly-owned subsidiary Fahralloy Canada Limited and was reflected in the consolidated accounts on the equity basis of accounting. On January 1, 1976 Fahralloy-Wisconsin acquired all the assets, excluding cash, and assumed all the liabilities, excluding tax liabilities, of Fahralloy Canada Limited.

4. Working capital

See note 5B of the notes to consolidated financial statements for particulars of long-term debt and funds held in trust in respect of Falcondo.

5. Property, plant and equipment

Where appropriate the unamortized difference between Falconbridge's interest in the book value of the net assets of its subsidiaries and the carrying value of the company's investment has been included with the subsidiary's plant and equipment, land and properties, or development and preproduction expenditures. The following assets are included under the caption "Non-producing assets":

Company and project	1976 (000's)	1975 (000's)
Falconbridge Nickel Mines Limited —		
Lockerby mine (b)	$ 59,481	$ 52,011
Smelter environmental improvement project —		
Smelter (b)	24,790	17,650
Acid plant (b)	6,961	4,385
Other projects	13,845	14,995
Falconbridge Copper Limited —		
New mines (b)	14,437	7,214
Falconbridge Nikkelverk Aktieselskap —		
Process revision changeover program (b)	5,532	3,696
New Quebec Raglan Mines Limited —		
Subsidiary's Cape Smith-Wakeham Bay properties (a)	33,841	33,748
Other subsidiary companies' projects	8,767	9,479
	$ 167,654	$ 143,178

(a) See note 2, page 18, of the notes to consolidated financial statements.
(b) In the preproduction stage.

6. Market value of Falconbridge's shareholdings

The market values shown are based on Canadian stock exchanges' closing bid prices on December 31, 1976 and 1975. Because of the number of shares held by Falconbridge (representing control of the companies concerned), the amounts that could be realized if these securities were to be sold may be more or less than their indicated market value.

FALCONBRIDGE NICKEL MINES LIMITED

STATEMENT 5

STATEMENT OF INVESTMENT IN ASSOCIATED AND OTHER COMPANIES

	Shares			Carrying value		
	Shares of common stock	Beneficial interest	Market value (note 1)	Shares (note 2)	Bonds notes and advances	Contribution to earnings
			(000's)	(000's)	(000's)	(000's)
December 31, 1976:						
Akaitcho Yellowknife Gold Mines Limited	1,198,230	36.7%	$ 779	$ 232		$ 60
Alminex Limited (note 3)	3,823,871	49.9	28,679	15,469		3,424
Asamera Oil Corporation Ltd.	112,620	1.5	1,323	1,073		29
Dickstone Copper Mines Ltd.	517,725	27.2	243			21
Dunraine Mines Limited	1,068,558	48.6	48	59	$ 63	
Giant Yellowknife Mines Limited	824,413	19.2	5,771	3,799		82
McIntyre Mines Limited	175,825	7.4	5,363	10,175		176
The Superior Oil Company	14,000	0.3	3,304	3,118		25
Thompson-Lundmark Gold Mines Limited	600,000	12.0	288	377		
United Keno Hill Mines Limited	1,195,989	48.4	7,923	6,829		841
Other companies			97	25		18
			$ 53,818	41,156	63	4,676
Investments with no quoted market value —						
Western Platinum Limited	2,500,001	25.0		6,214	5,224	
Other companies				529	34	161
				$ 47,899	$ 5,321	$ 4,837
				$ 53,220		
December 31, 1975:						
Akaitcho Yellowknife Gold Mines Limited	1,198,230	36.7%	$ 1,078	$ 232		$ 120
Alminex Limited (note 3)	3,913,871	51.1	19,569	13,329		2,952
Asamera Oil Corporation Ltd.	107,160	1.5	804	1,028		1
Dickstone Copper Mines Ltd.	517,725	27.2	36			67
Dunraine Mines Limited	1,068,558	48.6	134	59	$ 60	
Giant Yellowknife Mines Limited	824,413	19.2	5,256	3,799		330
McIntyre Mines Limited	175,825	7.4	6,769	10,175		88
The Superior Oil Company	14,000	0.3	2,289	3,118		14
Thompson-Lundmark Gold Mines Limited	600,000	12.0	105	377		
United Keno Hill Mines Limited	1,195,989	48.4	10,465	6,824		1,422
Other companies			247	56		32
			$ 46,752	38,997	60	5,026
Investments with no quoted market value —						
Western Platinum Limited	2,500,001	25.0		6,214	5,224	
Other companies				584	78	880
				$ 45,795	$ 5,362	$ 5,906
				$ 51,157		

Notes:

1. The market values shown are based on Canadian stock exchanges' closing bid prices on December 31, 1976 and 1975. Because of the number of shares involved the amounts that could be realized if these securities were to be sold may be more or less than their indicated market value.
2. The carrying value represents the cost of the investments less amounts written off, and also reflects the interest in earnings (losses) of Alminex Limited, United Keno Hill Mines Limited and certain of the "Other companies" which are accounted for on an equity basis.
3. See note 1, page 18, of the notes to consolidated financial statements.

FALCONBRIDGE NICKEL MINES LIMITED

SUMMARY OF 1976 CONSOLIDATED RESULTS BY QUARTERS

(Unaudited — 000's omitted)

	1976					
	Three months ended					
	March 31	June 30	Sept. 30	Dec. 31	Year	1975 (note 1)
Metal Deliveries (pounds):						
Integrated nickel operations —						
Nickel	21,281	16,843	18,360	23,692	80,176	61,524
Copper	5,017	7,929	8,580	12,550	34,076	40,713
Cobalt	742	552	423	362	2,079	1,365
Falconbridge Copper Limited —						
Copper	20,826	21,575	21,766	18,772	82,939	77,503
Zinc	19,380	21,166	15,372	17,512	73,430	73,767
Falconbridge Nickel Mines Limited (note 2) —						
Ferronickel (deliveries to customers)	9,310	12,735	16,140	21,596	59,781	50,270
Earnings:						
Revenues from metals and other products	$ 104,495	$ 112,576	$ 120,156	$ 146,253	$ 483,480	$ 409,888
Interest, investment and other income	2,103	2,163	1,760	3,025	9,051	15,040
	106,598	114,739	121,916	149,278	492,531	424,928
Costs other than the undermentioned	85,651	84,807	91,840	114,392	376,690	318,982
Strike and production curtailment costs						8,958
Depreciation, depletion, development and preproduction written off	13,191	13,145	12,363	10,762	49,461	51,718
Exploration, research and process development	2,228	2,637	3,436	3,793	12,094	11,926
Interest and amortization of debt expenses	6,186	6,104	5,979	6,150	24,419	25,836
Income and mining taxes	39	1,739	2,278	3,383	7,439	932
Minority interest in earnings of subsidiaries	94	2,603	2,572	2,456	7,725	3,355
	107,389	111,035	118,468	140,936	477,828	421,707
Earnings (loss) for the period	$ (791)	$ 3,704	$ 3,448	$ 8,342	$ 14,703	$ 3,221
Earnings (loss) per share	(16)¢	75¢	69¢	$ 1.68	$ 2.96	65¢
Earnings (loss) contributions:						
Unallocated corporate —						
Effectively controlled companies						
Alminex Limited	$ 862	$ 654	$ 847	$ 1,061	$ 3,424	$ 2,952
United Keno Hill Mines Limited	246	464	(174)	305	841	1,422
Other, net	(1,502)	(1,194)	(1,326)	(1,695)	(5,717)	(4,352)
Total	(394)	(76)	(653)	(329)	(1,452)	22
Falconbridge Copper Limited	109	1,418	488	(378)	1,637	198
Falconbridge Dominicana, C. por A.	(344)	1,279	2,896	5,003	8,834	5,689
Indusmin Limited	60	693	785	481	2,019	1,311
Integrated nickel operations	439	174	166	3,948	4,727	(5,390)
Oamites Mining Company (Proprietary) Limited	(9)	223	268	(354)	128	739
Wesfrob Mines Limited	(681)	149	(322)	517	(337)	(1,361)
Other consolidated subsidiaries	29	(156)	(180)	(546)	(853)	2,013
	$ (791)	$ 3,704	$ 3,448	$ 8,342	$ 14,703	$ 3,221

Notes:

1. Restated — see note 1, page 18, of the notes to consolidated financial statements.
2. See note 3, page 24, of the notes to statement of supplementary information.
3. In general, the higher revenues from increased deliveries of nickel and improved prices received for nickel and copper, were only partially offset by increased operating costs. Interest income was considerably reduced because of a substantial decrease in the Company's temporary investments. Lower depreciation, depletion, development and preproduction write-offs resulted mainly from a change in the estimates of the economic life of a subsidiary's assets. Nickel deliveries by the Integrated Nickel Operations were 30 per cent higher than those of 1975 and cobalt deliveries also increased. Copper deliveries were reduced because of lower production. Falconbridge Copper's copper deliveries were 7% higher than the previous year and ferronickel deliveries were 19% higher.

   Fourth-quarter nickel deliveries included significant forward purchases by customers taking advantage of industry-wide price protection offers. This will have an adverse effect on the Company's first-quarter 1977 shipments.

FALCONBRIDGE NICKEL MINES LIMITED

NINE-YEAR REVIEW (note 1)

		1976	1975	1974	1973	1972	1971	1970	1969	1968
EARNINGS (000's)	Revenues	$ 483,480	409,888	443,508	426,834	266,851	204,407	214,315	186,030	143,811
	Earnings (before extraordinary item)	$ 14,703	3,221	30,595	49,343	5,165	17,468	42,190	46,890	34,946
	Per share (note 2)	$ 2.96	0.65	6.17	9.96	1.04	3.52	8.52	9.53	7.13
	Extraordinary item	$			7,100	(49,456)		(475)	669	
	Per share (note 2)	$			1.43	(9.98)		(0.10)	0.14	
EARNINGS (LOSS) CONTRIBUTIONS — after consolidation adjustments, before extraordinary items (000's)	Unallocated corporate (note 7)	$ (5,717)	(4,352)	(2,688)	(2,711)	(3,402)				
	Alminex Limited	$ 3,424	2,952	2,922	2,040	1,263				
	Falconbridge Copper Limited	$ 1,637	198	3,981	12,295	3,058				
	Falconbridge Dominicana, C. por A.	$ 8,834	5,689	3,309	9,933	503				
	Indusmin Limited (note 8)	$ 2,019	2,821	1,307	1,287	1,290				
	Integrated nickel operations	$ 4,727	(5,390)	16,395	19,425	5,118				
	Oamites Mining Company (Prop.) Limited	$ 128	739	1,433	2,406	205				
	United Keno Hill Mines Limited	$ 841	1,422	2,946	1,159	(350)				
	Wesfrob Mines Limited	$ (337)	(1,361)	539	2,753	(2,490)				
	Others (note 8)	$ (853)	503	451	756	(30)				
	Earnings (before extraordinary item)	$ 14,703	3,221	30,595	49,343	5,165				
FINANCIAL POSITION (000's)	Working capital —									
	Integrated nickel operations	$ 82,461	98,816	137,163	116,582	71,137	67,611			
	Falconbridge Dominicana, C. por A. (note 3)	$ 37,410	33,703	28,941	36,214	25,680	26,601			
	Falconbridge Copper Limited	$ 24,409	20,768	18,840	25,776	14,044	15,340			
	Consolidated total	$ 152,083	164,102	195,467	186,640	113,463	117,954			
	Property, plant and equipment (net) —									
	Producing	$ 255,217	283,611	282,803	303,767	330,965	160,132			
	Non-producing	$ 167,654	143,178	137,504	105,021	86,507	312,799			
	Long-term debt	$ 223,715	255,121	274,616	288,493	301,921	293,336			
SHAREHOLDERS' DATA	Shareholders' equity (000's)	$ 321,249	311,433	312,437	291,887	242,099	289,832			
	Amount per share	$ 64.13	62.21	62.47	58.37	48.42	57.97			
	Dividends paid per share	$ 1.00	1.00	2.00	1.00	1.00	2.75	3.50	3.50	3.50
	Number of shares outstanding at end of year (note 4) (000's)	5,009	5,006	5,001	5,001	5,000	5,000	4,955	4,946	4,905
	Number of shareholders	9,788	10,732	11,205	11,104	12,254	12,178	12,273	12,687	13,799
EXPLORATION, RESEARCH AND DEVELOPMENT (000's)	Exploration	$ 8,325	7,826	11,432	8,895	6,768	10,246	9,307	6,036	4,659
	Research and development	$ 3,769	4,100	4,382	3,304	2,546	3,311	4,208	2,683	2,207
CAPITAL EXPENDITURES (000's)	Expenditures (net) on property, plant, equipment, development and preproduction —									
	Integrated nickel operations	$ 27,954	38,161	30,442	21,156	36,717	59,474	51,567	37,245	40,294
	Falconbridge Dominicana, C. por A.	RD$ 1,490	1,934	5,571	2,123	10,400	67,887	67,540	17,774	2,599
	Falconbridge Copper Limited (note 5)	$ 8,903	7,400	14,968	9,076	3,910	5,968	4,946	1,778	1,692
	Consolidated total	$ 44,188	56,367	59,315	40,632	61,804	144,862			
METAL DELIVERIES (000's pounds)	Integrated nickel operations —									
	Nickel	80,176	61,524	89,464	99,408	89,665	85,864	84,141	80,647	70,712
	Copper	34,076	40,713	53,981	53,725	56,464	60,985	56,922	49,456	39,787
	Falconbridge Nickel Mines Limited —									
	Nickel in ferronickel (note 6)	59,781	50,270	73,828	67,644					
	Falconbridge Copper Limited (note 5) —									
	Copper	82,939	77,503	56,911	80,935	80,870	62,012	50,320	52,752	56,817
	Zinc	73,430	73,767	30,838	37,950	38,218	14,569	10,648	12,249	24,612
ORE RESERVES (000's tons)	Falconbridge Nickel Mines Limited	83,405	89,099	90,578	92,798	92,646	99,933	97,405	94,217	91,639
	Falconbridge Dominicana, C. por A.	72,500	63,700	66,000	68,500	70,800	72,300	62,800	62,800	62,800
	Falconbridge Copper Limited (note 5)	7,187	9,234	11,004	11,287	11,724	11,543	9,777	7,921	7,986

Notes:
1. See note 1, page 18, of the notes to consolidated financial statements.
2. See note 6, page 20, of the notes to consolidated financial statements.
3. See note 5, page 19, of the notes to consolidated financial statements.
4. Includes shares held by consolidated subsidiaries.
5. This company was formed through an amalgamation of a number of companies in 1971. For comparative purposes the figures have been presented as if the amalgamation had been in effect throughout 1968 to 1971.
6. Ferronickel delivered to customers, see note 3, page 24, of the notes to statement of supplementary information.
7. Before interest in earnings of Alminex Limited and United Keno Hill Mines Limited which are shown separately.
8. For comparative purposes the 1972 to 1975 figures have been restated to combine the contribution of Indusmin and Fahralloy Canada Limited. In 1976, Fahramet Limited, a subsidiary of Indusmin Limited, acquired the operating assets of Fahralloy Canada Limited.

FALCONBRIDGE NICKEL MINES LIMITED

ACCOUNTING FOR INFLATION

This appears to be the most significant single issue in accounting today. There is concern that, at the levels of inflation of the past few years, conventional historic cost-based financial statements may seriously distort earnings and financial position. In periods of rapid inflation, depreciation is insufficient to cover the cost of replacement of assets and consequently a significantly larger part of the profits must be set aside even to maintain the present level of operations. If the assets were shown at their replacement cost there would be an increased depreciation charge which would reduce earnings from operations and the percentage return on net assets. Because Falconbridge values its inventories on a last-in first-out basis the effect of inventory profits (profits arising from the sale of products which cost significantly less than their replacement cost) are largely eliminated.

TWO ACCOUNTING APPROACHES ARE UNDER CONSIDERATION:

— Adjusting traditional historic cost financial statements by a general price index which purports to reflect changes in the general purchasing power of the dollar (General Price Level accounting (GPL)); and

— Basing financial statements on estimated current values of specific assets and expenses, and perhaps liabilities (Current Value Accounting (CVA)).

AN OVERVIEW OF RECENT DEVELOPMENTS WHICH WILL AFFECT FALCONBRIDGE'S FINANCIAL REPORTS.

The United States — The Financial Accounting Standards Board (FASB) issued an Exposure Draft in 1974, which recommended supplemental disclosure of GPL adjusted financial information. The proposals met with considerable opposition and action on GPL has been deferred.

The Securities and Exchange Commission (SEC) has taken the initiative on current value accounting. The SEC requires that Falconbridge and other large registrants file financial statements for the December 31, 1976 fiscal year which provide supplementary disclosure of:

(i) the current replacement cost of year-end inventories, and cost of goods sold calculated on the basis of replacement costs when sales were made;

(ii) the current cost of replacing (new) the productive capacity of fixed assets, and the amount of depreciation, depletion, and amortization which would have been recorded on the replacement cost basis; and

(iii) the methods used in determining these amounts, plus any additional information necessary to prevent disclosures from being misleading.

The SEC has permitted a one year deferment of the above requirements under certain circumstances and as a result Falconbridge will not comply until the December 31, 1977 Form 10-K filing.

Canada — The Canadian Institute of Chartered Accountants (CICA) issued an Exposure Draft, "Accounting for the Changes in the General Purchasing Power of Money", in July, 1975. Action on the Exposure Draft has been deferred, pending consideration of CVA.

The CICA issued a Discussion Paper on CVA in August of 1976 which has taken a "preliminary" position on the issue:

(i) it prefers a combination of current valuation methods — (1) replacement cost values for inventories, long-term intercorporate investments, and fixed assets; (2) net realizable values for marketable securities; and (3) discounted cash flow for monetary assets and liabilities;

(ii) it suggests that income on a current value basis be charged with provision for maintenance of the general purchasing power of invested capital;

(iii) it suggests segregation in the income statement of realized and unrealized profits (losses), and recommends distinguishing operating profits (losses) from holding gains (losses); and

(iv) it suggests that, at this time, CVA information should be supplementary to the historic cost financial statements.

Comments on the Paper are requested before June 30, 1977 and it is unlikely that the CICA will have any firm recommendation implemented before the 1979 fiscal year at the earliest.

FALCONBRIDGE NICKEL MINES LIMITED

ACCOUNTING FOR INFLATION (continued)

APPLICATION TO FALCONBRIDGE NICKEL MINES LIMITED and its consolidated subsidiaries

Both the SEC and CICA recognize that there are considerable practical difficulties with respect to arriving at meaningful replacement costs for assets of natural resource companies and various studies have been undertaken, within the extractive industries, with respect to the special valuation problems. Under CVA, capital write-offs (depreciation, amortization) for non-extractive industries are assumed to be continuously plowed back to sustain the operation. Valuations in the mineral industry differ from those of other enterprises because mines and oil wells have a definite life and cannot be considered in perpetuity. The value of the mineral property could be approximated by the present value of future cash flows from that property.

At the present time there are no SEC disclosure requirements for current value information relative to long-term debt obligations. The CICA's "preliminary" position is that debt obligations should be shown at the discounted cash flow value. The questions of whether a borrower has purchasing power gains at the expense of lenders during inflation and how such debt obligations and adjustments should be reflected in the financial statements are still unresolved.

Engineering studies are currently underway to determine the replacement cost of the productive assets of the company and its consolidated subsidiaries. It is anticipated that certain relevant replacement cost data, prepared under the procedures suggested by the SEC, will be reported in the 1977 financial reports. At this time it is difficult to determine the effects of substituting replacement cost data, prepared under the procedures suggested by SEC, for conventional historic based accounting data. The higher depreciation and amortization charges would be partially offset by other replacement cost and current value adjustments and operational economies.

FALCONBRIDGE NICKEL MINES LIMITED

THE INTEGRATED NICKEL OPERATIONS

Earnings

Earnings of the Integrated Nickel Operations in 1976 amounted to $4,727,000, compared with a loss of $5,390,000 in 1975.

Nickel and cobalt deliveries to customers improved over the levels of 1975 while deliveries of copper declined because of lower production. Prices of nickel, cobalt and copper were slightly higher than in 1975; however, the posted nickel prices were not generally obtained because of very keen competition among suppliers. Nickel inventories decreased considerably during the year.

Production costs continued to increase, with the mining and reduction operations absorbing the impact of three-year collective agreements with the production and maintenance workers (expiring August 1978) and the office, clerical and technical workers (expiring March 1979).

As in previous years, increases in metal prices received have not kept pace with increases in production costs and, as a consequence, operating margins continued to be unsatisfactory in 1976.

The Ontario mining tax matter, referred to in previous reports, was further clarified during 1976. A refund of the tax paid by the Company with respect to the disallowance of its Norwegian Refinery costs was received late in the year. It should be noted, however, that the relieving legislation in this regard enacted in 1976 provides relief only until April 9, 1979.

Marketing Review

The producers' published base price for electrolytic nickel to United States customers was increased in October by U.S. 21 cents to U.S. $2.41 per pound. This new price was not generally realized before year-end 1976 due to competitive price guarantees in the industry.

The U.S. equivalent of the London Metal Exchange "spot" or cash price for copper wirebars averaged U.S. 64 cents per pound in 1976, compared with U.S. 56 cents per pound in 1975. Prices ranged from a low of U.S. 53 cents per pound in January, 1976, to a high of U.S. 77 cents per pound in July. This modest improvement in copper prices reflected a significant increase in consumer demand and temporary speculative pressures. It is estimated that 1976 non-Communist world refined copper consumption rose by 20 per cent. Non-Communist producer inventories declined during 1976, although commodity exchange stocks increased. Total industry stocks remain at historically high levels. In line with the anticipated improvement in the economies of the major copper-consuming nations, there is the expectation of continued (though more moderate) gains in copper consumption, reduced industry stocks and higher prices in 1977.

The cobalt producers' price was increased during 1976 from U.S. $4.00 to U.S. $4.90 per pound. Cobalt demand improved significantly during the year.

Platinum group metal markets stagnated during 1976. While deliveries to the U.S. automobile and electrical industries increased substantially, demand by major consumers in the chemical and petroleum industries was low. Major western platinum producers continue to operate well below capacity levels.

Gold prices fell sharply in 1976 but exhibited renewed strength towards the end of the year. Although silver prices behaved erratically in 1976, average prices remained close to 1975 levels.

Operations Review

General

Following the 1975 strike and subsequent curtailment of production, the Sudbury operations throughout 1976 were maintained at a level consistent with the depressed economic conditions and demand for nickel deliveries. The East, Onaping, Fecunis and Longvack South mines, the Fecunis mill and one of the two smelter blast furnaces were closed in 1975 and remained idle throughout 1976. At year-end, work was under way to reactivate the Longvack South mine.

Ore delivered during the year to treatment plants from Company mines in the Sudbury area amounted to 3,219,000 tons compared with 3,041,000 tons delivered in 1975. Ore produced from Manibridge Mine in Manitoba totalled 208,000 tons compared with 189,000 tons in the prior year. This mine will be closed, due to exhaustion of ore reserves, in the first half of 1977.

At the Lockerby property, ore production by year-end 1976 had reached 40 per cent of the scheduled full production rate.

FALCONBRIDGE NICKEL MINES LIMITED

THE INTEGRATED NICKEL OPERATIONS (continued)

Mining from the Bird River claims of Maskwa Nickel Chrome Mines Limited in Manitoba was completed in the first half of 1976. A total of 35,000 tons of concentrate from this source was sold to a Canadian refinery because of difficulties in handling this material at Sudbury.

The smelter operated on a one-blast furnace, two-converter basis throughout the year. Oxygen enrichment of the blast air was commenced in February to increase the throughput on the one furnace operation.

The Strathcona Mill expansion program was completed, raising its capacity to 8,500 tons per operating day.

Falconbridge Nikkelverk Aktieselskap

The operating rate at the refinery in Norway was maintained at about 70 per cent of normal capacity, reflecting the lower requirement for refined nickel.

The program to improve the plant environment and operating efficiency was continued and its completion is expected in 1979. An inplant process has been developed for refining rhodium, ruthenium and iridium metals which were formerly treated by outside sources.

A new two-year collective agreement was signed granting substantial increases in the average wage rate and a reduction in the weekly hours worked. It replaced the agreement which expired on March 31, 1976.

Capital Programs

Sinking of the Fraser No. 1 shaft at Sudbury, which was halted on August 21, 1975, was resumed in August, 1976. At year-end this shaft was 5,008 feet below collar and preparations were under way for sinking of the ventilation shaft.

The construction phase of the $95,000,000 Smelter Environmental Improvement Program at the Sudbury operations was also reactivated in August. By December 31, 1976, erection of steel for the new smelter building was essentially complete, the building was 50 per cent closed in, and erection of vessels for the associated Acid Plant was 50 per cent complete. At year-end 1976, expenditures on this project had totalled $31,751,000. The mechanical completion of the construction program is scheduled for the spring of 1978 at which time the plant start-up phase will begin.

Expenditures (net) on mines and plants for 1976, with comparative figures for 1975, are set out in the table below:

	1976	1975
Property, plant and equipment	$14,099,000	$23,066,000
Development and preproduction	13,855,000	15,095,000
	$27,954,000	$38,161,000

Other Activities

During 1976 the Company received $2,919,000 from the sale of homes and lots in a continuation of the program to divest itself of most of its houses in the Greater Sudbury area. During the year the Company spent $110,000 for improvements in water and sewage facilities in the Falconbridge townsite as part of its commitment to expend $900,000 for these purposes over a five-year period.

Sudbury Metals Company completed its modifications to the leased portion of the Company's facilities at the Nickel-Iron Pellet Refinery during 1976. The modified plant was operated during a series of start-up campaigns until interrupted by an explosion on October 26th. Falconbridge personnel were not involved in this operation and damage to the facilities is being repaired by Sudbury Metals Company under the terms of the lease agreement.

Ore Reserves

Total proven and probable reserves of the Company's Sudbury operations at year-end were as follows:

		Tons of Contained Metal		Average Grade (%)	
Year	Tons of Ore	Nickel	Copper	Nickel	Copper
1976	83,405,000	1,214,000	567,000	1.46	0.68
1975	89,099,000*	1,279,000	605,000	1.43	0.68

* Manibridge included.

Ore reserves were 5,694,000 tons lower than at the end of 1975, although there was a small increase in the grade of nickel. The reduction in reserves was due in part to the mining of 3,427,000 tons of ore from Company mines, and in part to the removal from reserves of some low-grade marginal ore.

The loss of marginal ore from reserves reflected increased production costs which were not offset by a corresponding increase in the price of metals. The new zone of copper mineralization at the Strathcona mine is not included in reserves pending further definition of grades and tonnage.

As indicated earlier in this report, Manibridge Mine will have exhausted its ore reserves and operations will end in the first half of 1977. As reserves at year-end were minimal, they are not included in the above tabulation.

MARKETING ACTIVITIES

FALCONBRIDGE INTERNATIONAL LIMITED

Nickel Demand

Demand for primary nickel in North America increased moderately during 1976 in response to recovery in certain end-use sectors, particularly the automobile and machine tool industries. As a result, nickel shipments to plating and specialty steel markets improved. Nickel demand, however, is closely tied to capital spending programs, and the 1976 recovery was the first in decades which failed to bring about a noticeable upturn in this respect. Consumer expenditures and inventory adjustments were major factors underlying the 1976 improvement in producer shipments.

Historically, European economies lag North American changes by several months and, as expected, nickel markets did not strengthen to the same degree as those in the United States. In mid-1976, the recurrence of serious currency disruptions in Italy, France and the United Kingdom further slowed industrial growth and nickel shipments. However, improved nickel demand can be expected as the economic recovery accelerates in Europe.

Overall, non-Communist world demand for nickel, led by the United States, increased during 1976; a continuation of this growth trend is indicated.

Prices

A producer price increase of less than 10 per cent was announced during 1976. Because of widespread competition for orders, some price discounting developed so that published prices did not necessarily correspond with actual selling prices.

Services

In addition to marketing nickel, ferronickel, copper and various by-products, Falconbridge International Limited also negotiates sales and purchase contracts covering a variety of ferrous and non-ferrous metal concentrates, refined precious metals and other raw materials for Falconbridge and its associated and subsidiary companies. Products handled by the Commodity Marketing group include copper, zinc, lead and iron ore concentrates, as well as refined gold, platinum, palladium and other platinum group metals. Shipments are made to all major world markets including Europe, Japan and North America. The activities of Commodity Marketing reflect the increasingly diversified product and geographic mix of the Falconbridge group.

Other marketing support to the group during the year included customer service, product and market research, technical service, transportation and distribution management and marketing communications.

Reorganization

In realignment of its commercial operations, Falconbridge Nickel Mines Limited has formed two new corporations, Falconbridge International Limited, Bermuda, and Falconbridge U.S. Incorporated.

The move is a part of a long-range plan to restructure the group's worldwide commercial and marketing activities. The first stage in this program was the incorporation of Falconbridge Europe, S.A. in Brussels, Belgium, in 1971.

In recent years, the Falconbridge group of companies has become involved to an increasing extent in operations outside Canada. The company has reached that stage where non-Canadian operations of the group can be carried on more effectively by non-Canadian subsidiaries. The organization will now be in a better position to examine and take advantage of new business opportunities in international markets.

The U.S. company, located in Pittsburgh, gives Falconbridge a stronger marketing presence in the United States and closer involvement with its customers. To improve product distribution, warehousing facilities have been established in strategically located U.S. centres.

Management 1976

President and Managing Director	W. G. Dahl
Executive Vice-President	E. H. Holm
Vice-President, Administration	M. O. Pearce

FALCONBRIDGE NICKEL MINES LIMITED

MAJOR SUBSIDIARY AND ASSOCIATED COMPANIES

Alminex Limited

In 1976, the earnings of Alminex were $5,935,000, compared with $4,909,000 in the prior year. This increase, which was due to higher commodity prices, occurred despite lower levels of production. Gross income from product sales, excluding royalties of $11,390,000, was $21,554,000 — significantly higher than the $19,593,000 received in 1975, when royalties totalled $9,656,000. Income taxes for 1976 were only moderately higher than in 1975, due partly to somewhat more constructive taxation policies of government, such as the Resource Allowance, and partly to the higher level of exploration and development expenditures by the Company. The total provisions for depletion, depreciation and surrendered leases were essentially unchanged from 1975. Dividends paid during 1976 were increased to $1,916,000, or 25 cents per share.

The growing Federal restriction on the export of crude oil was only partially mitigated by the completion of the Sarnia-Montreal pipe line, although some recovery from the year's lowest market levels was evident at year-end. Alminex's gross sales volumes of crude oil and natural gas liquids declined 10 per cent, to a daily average of 7,538 barrels, primarily as a result of this restriction. Gross sales volumes of natural gas were down 8 per cent, to a daily average of 24 million cubic feet. Flat market demand and initial production from a large number of newly discovered fields have caused cutbacks in amounts taken from existing gas fields. In Alminex's case, sales are expected to increase as new fields come on-stream in 1977. Sulphur sales dropped 9 per cent, to 3,021 long tons. The market demand for this product remains soft.

Gross proven and probable reserves of crude oil and natural gas liquids declined 5 per cent, to 40.9 million barrels. New discoveries in the United States are still insufficiently developed to add significantly to these totals, however, reserves of natural gas increased 10 per cent to 196 billion cubic feet. New discoveries and the development of gas discoveries made in prior years, both in Western Canada and in the Gulf of Mexico, are now making a contribution. Gross proven and probable reserves of sulphur were down 72 per cent, to 61,000 long tons, as Alminex's major producing field continues to deteriorate.

A total of 121 exploratory and development wells was drilled during 1976, compared with 108 wells in 1975. This markedly expanded program resulted in 50 gas wells and 11 oil wells completed with eight wells at year-end still being drilled. While the major effort is directed to North America, Alminex is seeking attractive exploration opportunities in the United Kingdom North Sea, Guatemala and elsewhere.

The current abundance of gas in Western Canada is directly due to the industry's aggressive drilling response to improving economic conditions. Domestic or export markets must be found, Provincial and Federal governmental tax policies must be more constructive, and incentive programs must be maintained if the current large-scale exploration programs are to continue.

During the year, Falconbridge Nickel Mines Limited reduced its interest in Alminex from 51.1 per cent to 49.9 per cent through the sale of 90,000 shares.

As announced in August, the Directors of Alminex Limited and Canadian Superior Oil Limited are considering the possibility of amalgamation and the evaluation of these companies is now in progress.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	7,663,161	3,823,871	49.9%

Production	Year ended December 31 1976	1975	% Decrease
Crude oil and natural gas liquids — barrels per day	7,538	8,404	10
Gas — thousands of cubic feet per day	23,956	26,162	8
Sulphur — long tons	3,021	3,336	9

Reserves (proven and probable)	As at December 31 1976	1975
Crude oil and natural gas liquids — barrels	40,900,000	42,912,000
Natural gas — billions of cubic feet	195.7	177.6
Sulphur — long tons	61,000	221,000

Financial	Year ended December 31 1976	1975
Gross income from sale of products less royalties	$21,554,000	$19,593,000
Earnings before write-offs for depreciation and depletion and property surrendered	8,511,000	7,452,000
Income tax	7,600,000	7,146,000
Earnings after all charges	5,935,000	4,909,000
Dividends paid	1,916,000	1,839,000
Working capital	8,406,000	6,633,000

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	$ 2,962,000	59¢
Dividends paid	956,000	19
Excess of earnings over dividends	$ 2,006,000	40¢

*Before consolidation adjustments

Management 1976

President	W. F. James
Vice-President and General Manager	J. N. Stephen

Falconbridge Copper Limited

Net earnings for the year were $4,858,000 (37 cents per share), compared with $655,000 (5 cents per share) in 1975. Increased production of copper and improved copper prices were offset to some extent by reduced prices for other metals. Working capital increased $3,641,000 during the year to $24,409,000 after payment of a dividend amounting to $1,297,000, additions to fixed assets of $2,473,000 and preproduction and development expenditures for the Cooke and Corbet mines of $6,430,000.

Total metal production at all divisions was 82,939,000 pounds of copper and 73,430,000 pounds of zinc. This compared with 77,806,000 pounds of copper and 76,226,000 pounds of zinc in 1975.

Lake Dufault Division

Operating profit for the year was $5,735,000 compared with $1,235,000 in 1975. Increased copper production and prices were primarily responsible for this increase.

Tonnage milled totalled 505,000 tons at 3.10 per cent copper and 3.45 per cent zinc compared with 561,000 tons at 2.50 per cent copper and 3.35 per cent zinc in 1975. Production of copper totalled 29,553,000 pounds compared with 26,168,000 pounds in 1975, whereas zinc production totalled 27,389,000 pounds compared with 29,987,000 pounds in 1975. Operating costs totalled $9,758,000 in 1976 compared with $10,052,000 in 1975.

The Corbet shaft reached its initial target of 2,670 feet below surface in November and development work to further explore the mineralized zones was commenced in December.

Ore reserves at the end of 1976 were calculated to be 1,413,000 tons with average grades of 3.75 per cent copper and 4.80 per cent zinc.

Opemiska Division

An operating profit of $1,050,000 was achieved in 1976 compared with a loss of $1,089,000 sustained in 1975. The improved performance was due to milling 10 per cent more ore in 1976, thereby producing a greater quantity of copper for disposal at a higher selling price. Operating costs were $1,808,000 greater than in 1975 due to the higher tonnage; however, unit costs were approximately the same.

Production of copper during the year amounted to 40,049,000 pounds from 1,044,000 tons of ore, averaging 2.01 per cent copper. Production of copper during 1975 was 36,766,000 pounds from 952,000 tons of ore, averaging 2.02 per cent copper.

Lateral development at the Cooke Mine proceeded somewhat behind schedule during the year and costs were in excess of estimates. Development will continue in 1977 with production expected to commence during the third quarter.

Ore reserves for the Springer, Perry and Cooke Mines totalled 4,504,000 tons grading 2.37 per cent copper at December 31, 1976.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	12,970,125	6,509,696	50.2%

Financial	Year ended December 31 1976	1975
Revenue from metal shipments	$89,163,000	$79,999,000
Earnings before amortization and depreciation	11,707,000	8,960,000
Earnings after all charges	4,858,000	655,000
Dividends paid	1,297,000	1,297,000
Working capital	24,409,000	20,768,000*

* Restated

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	$ 2,439,000	49¢
Dividends paid	651,000	13
Excess of earnings over dividends	$ 1,788,000	36¢

*Before consolidation adjustments

Management 1976

Chairman of the Board	M. A. Cooper
Vice-Chairman of the Board	J. R. Smith
President and Chief Executive Officer	L. C. Kilburn
Manager, Opemiska Division	R. J. Fiorini
Manager, Lake Dufault Division	W. R. Wright
Manager, Sturgeon Lake Joint Venture	H. R. Graham

New Quebec Raglan Mines Limited

The property was kept in a dormant state with only minor maintenance work being carried out during the year. Expenditures were mainly to cover property maintenance and insurance charges.

The development work and previous feasibility studies regarding alternative methods of bringing the company's properties into production have not been conclusive, due to continuing inflationary pressures and the depressed state of world metal prices.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares			
New Quebec Raglan Mines Limited	7,760,294	5,296,490	68.3%
Preferred shares			
Raglan Quebec Mines Limited			
6% preferred	7,500,000	7,500,000	100%
8% preferred	7,500,000	7,500,000	100%
6¾% preferred	2,261,029	2,261,029	100%

Management 1976

President J. R. Smith

FALCONBRIDGE NICKEL MINES LIMITED

MAJOR SUBSIDIARY AND ASSOCIATED COMPANIES

Sturgeon Lake Joint Venture

The operating profit for 1976 was $1,215,000 compared with $1,797,000 earned for the eleven months (from the start of operations) ended December 31, 1975. Although tonnage milled rose for the year, lower copper grades and continued metallurgical difficulties prevented an improvement in the production of metals.

Production for 1976 was as follows: 14,276,000 pounds of copper, 49,295,000 pounds of zinc, 1,172,000 pounds of lead and 1,067,000 ounces of silver. Production in 1975 for the eleven months' operating period was 15,923,000 pounds of copper, 49,506,000 pounds of zinc and 977,000 ounces of silver. Tonnage milled increased to 416,000 tons grading 2.15 per cent copper and 9.57 per cent zinc, compared with 377,000 tons grading 2.78 per cent copper and 9.07 per cent zinc in 1975.

Operation of the revised lead circuit commenced in August and spot sales of the product were made. A sales contract was negotiated late in the year to handle future lead production.

Ore reserves at December 31, 1976 totalled 1,360,000 tons grading 3.01 per cent copper, 9.06 per cent zinc, 1.10 per cent lead and 5.47 ounces of silver per ton.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge Copper	
Common shares	1,000,000	670,000	67%

Financial

The financial statement is consolidated with that of Falconbridge Copper Limited

Management 1976

President	J. R. Smith
Manager	H. R. Graham

Blanket Mine (Private) Limited

Metric tons milled during the year decreased marginally from 1975 to 143,000 tons and it was not possible to maintain gold production, which fell to 19,449 ounces due to the low-grade stopes in the Jethro Mine. The slump in the gold price from an average of $157 per ounce in 1975 to an average of $122 per ounce in 1976 seriously affected earnings.

The future of the mine depends upon gold prices and the availability of technical staff. If conditions in Rhodesia force a premature closure of the mine, the balance of the mineral inventory would almost certainly be rendered uneconomic as the tenor of the ore reserves, which average 4.97 grams per metric ton, would not repay the probable cost of rehabilitation.

To provide badly needed equipment and spare parts for the Blanket facilities, a small mining company, RHA Mines Limited, was purchased. This company operates a small tonnage wolfram property in Rhodesia. At present, geological investigations are being conducted from the old underground workings to evaluate the economic potential of the property.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge*	
Common shares	9,208	9,208	100%

*Through wholly-owned subsidiary Ventures of Africa Limited

Production	Year ended December 31 1976	1975
Blanket		
Ore milled — tons (metric)	143,000	145,000
Gold produced — ounces	19,449	22,135
RHA		
Ore milled — tons	59,000	
Tungsten concentrates — pounds	97,000	
Financial	(Canadian dollars)	
Net revenue from metals produced	$2,398,000	$3,183,000
Earnings before depreciation	548,000	749,000
Earnings after all charges	433,000	549,000
Dividends paid	78,000	647,000
Working capital	460,000	254,000

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	$ 433,000	9¢
Dividends paid	78,000	2
Excess of earnings over dividends	$ 355,000	7¢

*Only dividends received by Falconbridge are reflected in consolidated earnings.

Management 1976

Managing Director	H. H. Bird
Mine Manager	A. Ryan

Falconbridge Dominicana, C. por A.

Net earnings for the year were RD $11,312,000 of which RD $566,000 were transferred to the legal reserve. This compares with net earnings of RD $8,801,000 in 1975. The improved earnings result from the increased price of ferronickel announced in 1975, slightly higher shipments of 56,471,000 pounds of contained nickel compared with 52,329,000 pounds in 1975, and the continuation of rigorous cost control. The earnings increase was limited by continuing inflationary pressures on all costs and the recessionary conditions which prevailed throughout the year. The Company's liquidity continued to be strained as the result of debt repayments and additions to reserves as required by its financing agreements. During the year interest and principal repayments on the long-term debt amounted to RD $30,730,000. This includes the first scheduled repayment of the Series C demand mortgage notes. The long-term debt at the end of 1976 was RD $122,567,000 exclusive of RD $20,494,000 which matures in 1977 and which is included in the current liabilities. Included in the long-term debt is an unrealized loss of RD $3,020,000 resulting from converting the non-U.S. portion of the International Bank for Reconstruction and Development (World Bank) loan at year-end exchange rates.

The base price of ferronickel was increased on September 23, 1976, from U.S. $2.18 to U.S. $2.36 per pound of nickel contained; subsequently, a price allowance of U.S. 8 cents per pound of nickel content was announced for orders received before the end of 1976 for delivery in the first quarter of 1977. Because of the competitive conditions, industry-wide discounting and price protection policies prevailing in the market for ferronickel and other steelmaking charge materials, little benefit from the foregoing price adjustment was realized by the Company during the year.

The plant continued to operate very satisfactorily, albeit below its rated capacity, as the result of the depressed nickel markets. Metal output was approximately 10 per cent below that for 1975 and this allowed product inventory to be reduced to an acceptable level. Considerable effort continued to be devoted to minimize the impact of operating below design capacity on the Company's cash flow. Net expenditures in 1976 on property, plant and equipment were RD $1,490,000.

The ore reserves at the end of 1976 were recalculated, on an undiluted in-situ basis, to be 72,500,000 dry short tons grading 1.65 per cent nickel. The improvement in the ore reserves over previously stated figures arises from the incorporation of the results from development drilling programs on the major orebodies which includes ore below that originally outlined by pitting.

The total work force at the end of 1976 was 2,110 of whom 2,020 were Dominican and 90 were expatriate personnel. Harmonious labour relations prevailed between the Company and its employees throughout the year. A new collective labour agreement was negotiated with employees in the bargaining unit for a period of three years commencing November 18, 1976.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	3,000,000	1,971,524	65.7%

Production	Year ended December 31 1976	1975
Deliveries of ferronickel — nickel content in pounds	56,471,000	52,329,000
Financial (RD $1.00 equals U.S. $1.00)		
Revenue from metal shipments	RD $117,986,000	RD $104,492,000
Earnings before interest on debt, depreciation and amortization	40,338,000	36,376,000
Earnings after all charges	11,312,000	8,801,000
Working capital	37,410,000	33,172,000
Long-term debt (excluding RD $20,494,000 in current liabilities)	122,567,000	142,055,000

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	Cdn. $ 7,333,000	$1.46

*Before consolidation adjustments.

Management 1976

President	M. A. Cooper
Executive Vice-President	E. L. Healy
Vice-President and General Manager	I. H. Keith

FALCONBRIDGE NICKEL MINES LIMITED

MAJOR SUBSIDIARY AND ASSOCIATED COMPANIES

Giant Yellowknife Mines Limited

The decline in the price of gold during the second and third quarters of the year adversely affected the Company's earnings which fell from $305,000 in 1975 to a loss of $186,000 in 1976. Although significant cost reductions were effected in operations, these only partially offset the decline in revenue due to sagging gold prices which averaged only $122 per ounce in 1976 compared with $157 per ounce in 1975. The price of gold fell from $140 per ounce on December 31, 1975 to a low of $100 on September 1, 1976 and then returned to $136 per ounce on December 31, 1976. This upturn in price in the fourth quarter enabled the Company to earn a profit of $788,000 for that quarter after experiencing losses in the previous two quarters.

Tons milled in 1976 by Giant Yellowknife Mines Limited and its subsidiaries, Lolor Mines Limited and Supercrest Mines Limited, increased 9 per cent from the 1975 level to a record 428,000 tons. The open pit provided 41 per cent of the mill feed and at year-end 153,000 tons were stockpiled for processing in 1977. The average grade of ore milled, at 0.28 ounce gold per ton, was substantially the same as in 1975. Ounces of gold produced increased from 98,000 ounces in 1975 to 107,000 ounces in 1976.

Total ore reserves as at December 31, 1976 were 1,505,000 tons at 0.34 ounce of gold per ton compared with 1,950,000 tons averaging 0.33 ounce of gold per ton at year-end 1975.

Due to the low level of earnings, exploration expenditures were greatly reduced from the all-time high reached in 1975. Little encouragement was found from the exploration work carried out in 1976.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	4,303,050	824,413	19.2%

Production (Consolidated)	Year ended December 31 1976	1975
Tons milled	428,000	392,000
Gold produced — ounces	107,000	98,000
Financial (Consolidated)		
Revenue from metals produced	$13,138,000	$15,521,000
Earnings before amortization and depreciation	525,000	1,118,000
(Loss) earnings after all charges	(186,000)	305,000
Dividends paid — 10¢ per share	430,000	
— 40¢ per share		1,721,000
Working capital	6,527,000	7,803,000

Falconbridge interest* in		Per share of Falconbridge
Loss after all charges	$ (36,000)	
Dividends paid	82,000	2¢
Excess of dividends over loss	$ 118,000	2¢

*Only dividends received by Falconbridge are reflected in consolidated earnings.

Management 1976

President and Managing Director	J. R. Smith
Vice-President Operations	D. J. Emery
Mine Manager	W. A. Moore

Western Platinum Limited

The productivity advantages of up-dip mining were offset during the year by the continued shortage of labour, shorter contracts for local labour and the less satisfactory quality of employees recruited locally. The position was aggravated by reduced drilling capability attributable largely to shortages of trained drilling personnel and insufficient compressed air. As a consequence, throughput and production remained at the previous year's low level.

Operating costs continued to climb sharply, reflecting substantial wage awards in the latter part of 1975 and further awards this year, together with increases in the cost of stores, power and off-mine treatment and refining charges. Consequently, despite the increase in revenue resulting from the 18 per cent devaluation of the Rand on September 21, 1975, the operating profit declined significantly from that of 1975.

Capital expenditures for the year, less recoveries from the sale of houses, totalled R1,314,000, compared with R1,573,000 in the previous year. Principal expenditure items included two ball mills, a primary crusher installation, sinking and equipping the East Incline and the Noel Shaft Sub-Incline, underground storage facilities in anticipation of a shorter work week, installation of an additional compressor to alleviate the shortage of compressed air, and the provision of additional social facilities for employees.

There was no reduction of the long-term debt which remains at R17,800,000.

Capitalization	As at September 30, 1976 Outstanding	Held by Falconbridge	
Ordinary shares	10,000,000	2,500,001	25%

Production	Year ended September 30 1976	1975
Platinum group metals — ounces	133,000	128,000
Nickel — metric tons	1,610	1,566
Financial (RAND = Cdn. $1.12 at September 30, 1976)		
Revenue from metal sales	R20,264,000	R19,276,000
Earnings for the period	1,727,000	2,452,000
Working capital	10,558,000	10,051,000

Management 1976

Joint Managing Directors	S. C. Newman
	R. W. Banghart

Indusmin Limited

The Industrial Minerals Division recovered from the recession that depressed sales in 1975. Sales revenue at $17,169,000, 22 per cent greater than in 1975, established an all-time record for the Division, with each of the operations, Nepheline Syenite, Quebec Silica and Ontario Silica experiencing gains. A major expansion of the nepheline syenite secondary grinding plant, which had been delayed in 1975, was completed in 1976 and is now in operation. This will provide capacity for the increasing demands of the paint industry.

Sales of limestone aggregates from the two quarrying operations of the Construction Materials Division were only slightly greater than the depressed levels of 1975. Continuing low construction activity in the Toronto-Hamilton market area limited 1976 sales to 2,310,000 tons. It is expected that there will be little improvement in 1977.

The Foundry Division (Fahramet Limited) corporate reorganization was completed by the acquisition, effective January 1, 1976, of the assets of Fahralloy Canada Limited. This Division produces steel castings using centrifugal, green sand, shell, and no-bake moulding methods and operates fabrication shops and a well-equipped machine shop. Fahramet serves such industries as petrochemical, nuclear, steel, cement, mining, pulp and paper, and industrial furnace manufacture.

Sales revenue from the Foundry Division in 1976 contributed $17,581,000 to the consolidated Indusmin results. Improvement over the 1976 level of sales is not expected until the Canadian economy strengthens and capital spending increases.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	1,167,901	806,030	69%

Financial	Year ended December 31 1976	1975
Sales	$38,831,000	$22,263,000
Earnings before amortization and depreciation	5,405,000	4,135,000
Earnings after all charges	3,009,000	1,917,000
Dividends paid — 81¢ per share	946,000	
— 75¢ per share		876,000
— preferred shares	101,000	
Working capital	3,907,000	3,589,000

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	$ 2,077,000	41¢
Dividends paid	753,000	15
Excess of earnings over dividends	$ 1,324,000	26¢

*Before consolidation adjustments

Management 1976

President J. J. Mather

Oamites Mining Company (Proprietary) Limited

Metric tons of ore milled increased by 6 per cent during the year to 601,000 tons; however, production of copper fell to 14,074,000 pounds as a result of the lower grade of ore, due in part to poor ground conditions in one section of the mine. This situation has now been rectified and the grade should improve in 1977 with the commencement of production from the new 30 level block of ore.

Earnings for the year were $195,000 compared with $1,129,000 for 1975. The decrease is mainly the result of the lower production of copper, offset to some extent by the improved price. Although operating costs were 17 per cent over 1975 in terms of the Rand, an 18 per cent devaluation of the Rand late in 1975 negated this effect so that, upon translation of currencies, operating costs remained at substantially the same level as in 1975. Expenditures on fixed assets, which totalled $658,000, were incurred in order to complete the underground ore transportation facilities and crushing station, plant improvement and employee accommodations.

Proven and probable ore reserves at December 31, 1976 amounted to 4,051,000 metric tons grading 1.21 per cent copper and 0.54 ounce of silver per ton.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	253,680	190,000	74.9%

Production	Year ended December 31 1976	1975
Tons ore milled (metric)	601,000	568,000
Mill head grade (% copper)	1.14	1.31
Mill recovery (%)	92.99	93.40
Concentrates produced (metric dry tons)	20,000	19,000
Recoverable copper — pounds	14,074,000	15,106,000

Financial	1976	1975
Revenue from sales of concentrates	$10,060,000	$10,864,000
Earnings before amortization and depreciation	1,205,000	2,041,000
Earnings after all charges	195,000	1,129,000
Dividends paid	757,000	1,121,000
Working capital	1,494,000	1,845,000

Falconbridge interest* in		Per share of Falconbridge
Earnings after all charges	$ 146,000	3¢
Dividends paid	567,000	11
Excess of dividends over earnings	$ 421,000	8¢

*Before consolidation adjustments

Management 1976

Chairman	A. E. Pugsley	Mine Manager	D. P. Hugo
Managing Director	H. H. Bird		
General Manager	R. W. Banghart		

FALCONBRIDGE NICKEL MINES LIMITED

MAJOR SUBSIDIARY AND ASSOCIATED COMPANIES

United Keno Hill Mines Limited

A strike of two months' duration by the hourly-rated employees of United Keno Hill Mines adversely affected production for the year and reduced earnings, which amounted to $1,738,000 compared with $2,937,000 in 1975. Lower revenues from metal shipments were only partially offset by lower operating costs, exploration expenditures and taxes. The average price received for silver in 1976 ($4.45 per ounce compared to $4.79 per ounce in 1975) also had a negative impact on revenues.

Ore reserves declined slightly from 208,000 tons averaging 37 ounces of silver per ton in 1975 to 182,000 tons averaging 43 ounces per ton in 1976. Evaluation of the proven and probable ore reserves below the 375 level of the Husky mine did not warrant deepening the shaft and the available ore will be salvaged by underhand mining from the third level. A modest tonnage of high-grade ore was developed as a result of an overburden discovery above the 200 level of the Elsa mine. The full potential of this area is not presently known and further development work will be required in 1977.

No significant discoveries were made from 1976 exploration programs either at the mine site or in the areas of the Yukon. The mine site programs were restricted somewhat, however, by the strike.

The strike by employees, which lasted from July 29 to September 11, 1976, was only settled by agreeing to wage increases in excess of the Anti-Inflation Legislation guidelines. Subsequent to year-end the Anti-Inflation Board rolled back the 19 per cent negotiated wage increase to 8 per cent for the first 18 months and the 9.2 per cent negotiated increase to 6 per cent for the next year. Meetings between the company and the union are continuing, to determine what action is to be taken.

The feasibility study of the DEF-Minto copper deposit 175 miles north of Whitehorse, carried out jointly with Asarco Inc., concluded that the deposit was uneconomic at existing metal prices.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	2,470,000	1,195,989	48.4%

Production	Year ended December 31 1976	1975
Tons ore milled	76,000	91,000
Ounces silver produced	2,370,000	2,918,000
Pounds lead produced	4,909,000	6,407,000
Pounds zinc produced	622,000	621,000
Financial		
Revenue from metal shipments	$12,070,000	$15,696,000
Earnings before depreciation and amortization	2,130,000	3,374,000
Earnings after all charges	1,738,000	2,937,000
Dividends paid — 70¢ per share	1,729,000	1,729,000
Working capital	14,260,000	14,151,000*

* Restated

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 841,000	17¢
Dividends paid	837,000	17
Excess of earnings over dividends	$ 4,000	

Management 1976

President	F. A. Godfrey	Mine Manager	G. S. Dundas

Wesfrob Mines Limited

A net loss of $347,000 was incurred in 1976 compared with a net loss of $1,335,000 in 1975. The reduced loss was a result of lower operating costs, lower royalty payments and lower depreciation and amortization charges. These gains were offset by reduced revenue from metals produced resulting from lower production of iron concentrates. Although a net loss has been incurred in the past two years, a positive cash flow from operations has been generated.

Operating costs were lower than in 1975 due to the lower level of production. The government of British Columbia rescinded the Mineral Land Tax effective January 1, 1976. In view of the near-completion of the underground development and the signing of sales contracts beyond the initially envisaged ten years' production period, depreciation and amortization rates were amended to reflect these new factors and are now calculated on a units of production basis over the remaining ore reserves. This adjustment, which was effective January 1, 1976, resulted in write-offs being $1,257,000 less than in 1975.

Production of iron concentrates fell by 220,000 metric tons to 775,000 metric tons due mainly to the decline in sinter feed material production which will cease entirely when open-pit mining terminates in mid-1977. Production of pellet feed material was also below the 1975 level due to reduced demand for the product. Production of copper, on the other hand, was somewhat better than in 1975 and the average price was higher.

Development of the Dela-Blujay underground zone is proceeding on schedule and production will commence in mid-1977.

Capitalization	As at December 31, 1976 Outstanding	Held by Falconbridge	
Common shares	3,832,994	3,832,994	100%

Production	Year ended December 31 1976	1975
Iron concentrates — dry metric tons	775,000	995,000
Copper concentrates — dry metric tons	12,000	11,000
Copper in concentrate — pounds	5,139,000	4,545,000
Financial		
Revenue from metals produced	$12,056,000	$13,571,000
Earnings before amortization and depreciation	795,000	1,066,000
Loss for the period	347,000	1,335,000
Working capital	3,862,000	3,299,000*

* Restated

Management 1976

President	P. L. Munro	Mine Manager	C. L. Stafford

FALCONBRIDGE

Designed and Printed in Canada.